

## PROFUNDS

### ProFund VP Emerging Markets ProFund VP Short Emerging Markets

(each a “Fund” and, collectively, the “Funds”)

#### Supplement dated March 23, 2022 to the Funds’ Summary Prospectus, Statutory Prospectus and Statement of Additional Information dated May 1, 2021, each as supplemented or amended

The name of the Index for each of the Funds will change effective April 1, 2022. At that time, references to the Current Index name will be replaced with the New Index name. The name change does not impact the Index methodology. The Current Index name and New Index name are listed in the table below.

| <b>Fund</b>                       | <b>Current Index</b>                       | <b>New Index</b>                |
|-----------------------------------|--|---------------------------------|
| ProFund VP Emerging Markets       | S&P/BNY Mellon Emerging 50 ADR Index (USD) | S&P Emerging 50 ADR Index (USD) |
| ProFund VP Short Emerging Markets | S&P/BNY Mellon Emerging 50 ADR Index (USD) | S&P Emerging 50 ADR Index (USD) |

For more information, please contact the Fund at 1-888-776-3637.

**Please retain this supplement for future reference.**

**PROFUNDS**

**ProFund VP Falling U.S. Dollar  
ProFund VP Rising Rates Opportunity  
ProFund VP U.S. Government Plus**

(each a “Fund” and, collectively, the “Funds”)

**Supplement dated March 15, 2022  
to the Funds’ Summary Prospectus, Statutory Prospectus and Statement of Additional Information  
dated May 1, 2021, each as supplemented or amended**

Benjamin McAbee no longer serves as portfolio manager of the Funds and has been replaced by James Linneman. The following changes to each Fund’s summary prospectus, statutory prospectus and statement of additional information are effective immediately:

**Summary Prospectus and Statutory Prospectus**

*The “Management” section in each Fund’s summary section is deleted in its entirety and replaced with the following:*

The Fund is advised by ProFund Advisors. Alexander Ilyasov, Senior Portfolio Manager, and James Linneman, Portfolio Manager, have jointly and primarily managed the Fund since April 2019 and March 2022, respectively.

*The paragraph containing Benjamin McAbee’s biography in the “Portfolio Management” section of the Statutory Prospectus is deleted in its entirety and replaced with the following:*

James Linneman, ProShare Advisors: Portfolio Manager since April 2019, Associate Portfolio Manager from August 2016 to April 2019 and Portfolio Analyst from February 2014 to August 2016. ProFund Advisors: Portfolio Manager since July 2021. Mr. Linneman is a registered associated person and an NFA associate member since 2015.

**Statement of Additional Information**

Information about Benjamin McAbee in the “Portfolio Manager Ownership” and “Other Accounts Managed by Portfolio Managers” tables in the “PORTFOLIO MANAGEMENT” section of the SAI is deleted in its entirety and replaced with the following, respectively:

| <b>Name of Portfolio Manager</b> | <b>Dollar Range of Equity Securities in the Funds Managed by the Portfolio Manager</b> | <b>Aggregate Dollar Range of Equity Securities in All Registered Investment Companies in the Fund Complex</b> |
|----------------------------------|--|---|
| James Linneman*                  | None   | \$10,001-\$50,000   |

\*Information is as of July 31, 2021

| <b>Name of Portfolio Manager</b> | <b>Number of All Registered Investment Companies Managed/Total Assets</b> | <b>Number of All Other Pooled Investment Vehicles Managed/Total Assets</b> | <b>Number of All Other Accounts Managed/Total Assets</b> |
|----------------------------------|---|--|--|
| James Linneman*                  | 3/\$81,262,351  | 12/\$4,080,874,424   | 0/\$0  |

\*Information is as of July 31, 2021

For more information, please contact the Fund at 1-888-776-3637.

**Please retain this supplement for future reference.**

## PROFUNDS

### ProFund VP Rising Rates Opportunity ProFund VP U.S. Government Plus

(each a “Fund” and, collectively, the “Funds”)

#### Supplement dated December 3, 2021 to the Funds’ Summary Prospectus, Statutory Prospectus and Statement of Additional Information dated May 1, 2021, each as supplemented or amended

Michelle Liu no longer serves as portfolio manager of the Funds and has been replaced by Benjamin McAbee. The following changes to each Fund’s summary prospectus, statutory prospectus and statement of additional information are effective immediately:

#### **Summary Prospectus and Statutory Prospectus**

*The “Management” section in each Fund’s summary section is deleted in its entirety and replaced with the following:*

The Fund is advised by ProFund Advisors. Alexander Ilyasov, Senior Portfolio Manager, and Benjamin McAbee, Portfolio Manager, have jointly and primarily managed the Fund since April 2019 and December 2021, respectively

*The paragraph containing Michelle Liu’s biography in the “Portfolio Management” section of the Statutory Prospectus is deleted in its entirety.*

#### **Statement of Additional Information**

Information about Michelle Liu in the “Portfolio Manager Ownership” and “Other Accounts Managed by Portfolio Managers” tables in the “PORTFOLIO MANAGEMENT” section of the SAI is deleted in its entirety.

For more information, please contact the Fund at 1-866-776-5125.

**Please retain this supplement for future reference.**

## ProFunds

### STATEMENT OF ADDITIONAL INFORMATION—May 1, 2021

7501 WISCONSIN AVENUE, SUITE 1000E, BETHESDA, MARYLAND 20814

(888) 776-5717

This Statement of Additional Information (“SAI”) describes the following funds:

|                                |                                     |
|--------------------------------|-------------------------------------|
| ProFund VP Asia 30             | ProFund VP Pharmaceuticals          |
| ProFund VP Banks               | ProFund VP Precious Metals          |
| ProFund VP Basic Materials     | ProFund VP Real Estate              |
| ProFund VP Bear                | ProFund VP Rising Rates Opportunity |
| ProFund VP Biotechnology       | ProFund VP Semiconductor            |
| ProFund VP Bull                | ProFund VP Short Dow 30             |
| ProFund VP Consumer Goods      | ProFund VP Short Emerging Markets   |
| ProFund VP Consumer Services   | ProFund VP Short International      |
| ProFund VP Dow 30              | ProFund VP Short Mid-Cap            |
| ProFund VP Emerging Markets    | ProFund VP Short Nasdaq-100         |
| ProFund VP Europe 30           | ProFund VP Short Small-Cap          |
| ProFund VP Falling U.S. Dollar | ProFund VP Small-Cap                |
| ProFund VP Financials          | ProFund VP Small-Cap Growth         |
| ProFund VP Health Care         | ProFund VP Small-Cap Value          |
| ProFund VP International       | ProFund VP Technology               |
| ProFund VP Industrials         | ProFund VP Telecommunications       |
| ProFund VP Internet            | ProFund VP UltraBull                |
| ProFund VP Japan               | ProFund VP UltraMid-Cap             |
| ProFund VP Large-Cap Growth    | ProFund VP UltraNasdaq-100          |
| ProFund VP Large-Cap Value     | ProFund VP UltraShort Dow 30        |
| ProFund VP Mid-Cap             | ProFund VP UltraShort Nasdaq-100    |
| ProFund VP Mid-Cap Growth      | ProFund VP UltraSmall-Cap           |
| ProFund VP Mid-Cap Value       | ProFund VP U.S. Government Plus     |
| ProFund VP Nasdaq-100          | ProFund VP Utilities                |
| ProFund VP Oil & Gas           | ProFund VP Government Money Market  |

The Funds listed above are each referred to as a “Fund” and collectively as the “Funds”.

A Fund may be used by professional money managers and investors as part of an asset-allocation or market-timing investment strategy, to create specified investment exposure to a particular segment of the financial market or to attempt to hedge an existing investment portfolio. A Fund may be used independently or in combination with each other as part of an overall investment strategy. Because of the risks inherent in any investment, there can be no assurance that a Fund’s investment objectives will be achieved. No Fund alone constitutes a balanced investment plan.

Investment in a Fund that seeks daily investment results that, before fees and expenses, correspond to the performance of a daily benchmark involves special risks, some of which are not traditionally associated with mutual funds. Investors should carefully review and evaluate these risks in considering an investment in such a Fund to determine whether an investment is appropriate. Such a Fund is not intended for investors whose principal objective is current income or preservation of capital.

This SAI is not a prospectus. It should be read in conjunction with each Fund’s Prospectus, dated May 1, 2021 (the “Prospectus”), which incorporates this SAI by reference. The financial statements and notes thereto are included in the annual report to shareholders for the fiscal year ended December 31, 2020, which have been filed with the U.S. Securities and Exchange Commission, and are incorporated by reference into this

SAI. A copy of the Prospectus and a copy of the annual report to shareholders for each Fund is available, without charge, upon request to the address above or by telephone at the numbers above, or at each Fund's website at [profunds.com](http://profunds.com).

This SAI should be read in conjunction with the offering documents of the separate account or insurance contract through which you invest in a Fund. This SAI may include information that is not available through the separate account or insurance contract that you have chosen.

Please refer to your variable life insurance or variable annuity prospectus or offering documents and read and retain these documents for future reference.

**STATEMENT OF ADDITIONAL INFORMATION**

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## GLOSSARY OF TERMS

For ease of use, certain terms or names that are used in this SAI have been shortened or abbreviated. A list of many of these terms and their corresponding full names or definitions can be found below. An investor may find it helpful to review the terms and names before reading the SAI.

| <u>Term</u>                   | <u>Definition</u>  |
|-------------------------------|--|
| 1933 Act                      | Securities Act of 1933, as amended   |
| 1934 Act                      | Securities and Exchange Act of 1934, as amended  |
| 1940 Act                      | Investment Company Act of 1940, as amended   |
| Advisor or ProFund Advisors   | ProFund Advisors LLC   |
| Board of Trustees or Board    | Board of Trustees of ProFunds  |
| CCO                           | Chief Compliance Officer   |
| CFTC                          | U.S. Commodity Futures Trading Commission  |
| Classic ProFunds VP           | ProFund VP Asia 30, ProFund VP Bull, ProFund VP Dow 30, ProFund VP Emerging Markets, ProFund VP Europe 30, ProFund VP International, ProFund VP Japan, ProFund VP Large-Cap Growth, ProFund VP Large-Cap Value, ProFund VP Mid-Cap, ProFund VP Mid-Cap Growth, ProFund VP Mid-Cap Value, ProFund VP Nasdaq-100, ProFund VP Small-Cap, ProFund VP Small-Cap Growth and ProFund VP Small-Cap Value |
| Commodity Pools               | ProFund VP UltraShort Dow 30 and ProFund VP UltraShort Nasdaq-100  |
| Code or Internal Revenue Code | Internal Revenue Code of 1986, as amended  |
| CPO                           | Commodity Pool Operator  |
| Distributor                   | ProFunds Distributors, Inc.  |
| Diversified Funds             | ProFund VP Consumer Services, ProFund VP Europe 30, ProFund VP Industrials, ProFund VP Government Money Market, ProFund VP Large Cap-Growth, ProFund VP Large-Cap Value, ProFund VP Mid-Cap Growth, ProFund VP Mid-Cap Value, ProFund VP Real Estate, ProFund VP Small-Cap Growth, ProFund VP Small-Cap Value, and ProFund VP Utilities  |
| ETF                           | Exchange traded fund   |
| Excluded Pools                | Each Fund that is not a Commodity Pool.  |
| Fund(s)                       | One or more series of the Trust identified in this SAI.  |
| Fund Complex                  | All operational registered investment companies that are advised by the Advisor or its affiliates  |
| Independent Trustee(s)        | Trustees who are not “Interested Persons” of ProFund Advisors or the Trust as defined under Section 2(a)(19) of the 1940 Act   |



| <u>Term</u>            | <u>Definition</u>  |
|------------------------|--|
| Inverse ProFunds VP    | ProFund VP Bear, ProFund VP Short Dow 30, ProFund VP Short Emerging Markets, ProFund VP Short International, ProFund VP Short Mid-Cap, ProFund VP Short Nasdaq 100, ProFund VP Short Small-Cap, ProFund VP UltraShort Dow 30 and ProFund VP UltraShort Nasdaq-100  |
| NAV                    | Net asset value  |
| Non-Equity ProFunds VP | ProFund VP Falling U.S. Dollar, ProFund VP Rising Rates Opportunity and ProFunds VP U.S. Government Plus   |
| SAI                    | This Statement of Additional Information dated May 1, 2021, as may be amended or supplemented.   |
| SEC                    | U.S. Securities and Exchange Commission  |
| Sector ProFunds VP     | ProFund VP Banks, ProFund VP Basic Materials, ProFund VP Biotechnology, ProFund VP Consumer Goods, ProFund VP Consumer Services, ProFund VP Financials, ProFund VP Health Care, ProFund VP Industrials, ProFund VP Internet, ProFund VP Oil & Gas, ProFund VP Pharmaceuticals, ProFund VP Precious Metals, ProFund VP Real Estate, ProFund VP Semiconductor, ProFund VP Technology, ProFund VP Telecommunications and ProFund VP Utilities |
| Shares                 | The shares of a Fund   |
| Trust                  | ProFunds   |
| Trustee(s)             | One or more of the trustees of the Trust   |
| Ultra ProFunds VP      | ProFund VP UltraBull, ProFund VP UltraMid-Cap, ProFund VP UltraNasdaq-100 and ProFund VP UltraSmall-Cap  |

## GENERAL INFORMATION ABOUT THE TRUST

The Trust is an open-end management investment company organized as a Delaware statutory trust on April 17, 1997. The Trust is composed of multiple separate series. Fifty series are discussed herein and other series may be added in the future.

Each Fund, other than the Diversified Funds, is classified as non-diversified. Portfolio management is provided to each Fund by the Advisor. The investments made by a Fund and the results achieved by a Fund at any given time are not expected to be the same as those of other mutual funds for which the Advisor acts as investment adviser, including mutual funds with names, investment objectives and policies similar to those of each Fund.

Reference is made to the Prospectus for a discussion of the investment objectives and policies of each Fund. Set forth below is further information relating to each Fund, which supplements and should be read in conjunction with the Prospectus. "Shareholders" as used in this SAI refers generally to the participating insurance companies and their separate accounts and to the qualified pension or retirement plans that invest in a Fund, but can also refer to owners of variable contracts funded by such separate accounts, or to participants in such plans, depending on context.

The investment restrictions of a Fund specifically identified as fundamental policies may not be changed without the affirmative vote of at least a majority of the outstanding voting securities of that Fund, as defined in the 1940 Act. The investment objectives and all other investment policies of each Fund not specified as fundamental (including the benchmarks of each Fund) may be changed by the Board without the approval of shareholders.

It is the policy of each Fund to pursue its investment objectives of correlating with their benchmarks regardless of market conditions, to attempt to remain nearly fully invested and not to take defensive positions.

The investment techniques and strategies of each Fund discussed below may be used by a Fund if, in the opinion of the Advisor, the techniques or strategies may be advantageous to the Fund. A Fund may reduce or eliminate its use of any of these techniques or strategies without changing the Fund's fundamental policies. There is no assurance that any of the techniques or strategies listed below, or any of the other methods of investment available to a Fund, will result in the achievement of the Fund's objectives. Also, there can be no assurance that a Fund will grow to, or maintain, an economically viable size, and management may determine to liquidate the Fund at any time, which time may not be an opportune one for shareholders.

The terms "favorable market conditions" and "adverse market conditions," as used in this SAI, are Fund-specific. Market conditions should be considered favorable to a Fund when such conditions make it more likely that the value of an investment in that Fund will increase. Market conditions should be considered adverse to a Fund when such conditions make it more likely that the value of an investment in that Fund will decrease.

## INVESTMENT POLICIES, TECHNIQUES AND RELATED RISKS

### GENERAL

A Fund may consider changing its benchmark at any time, including if, for example: the current benchmark becomes unavailable, the Board believes that the current benchmark no longer serves the investment needs of a majority of shareholders or that another benchmark may better serve their needs, or the financial or economic environment makes it difficult for such Fund's investment results to correspond sufficiently to its current benchmark. If believed appropriate, a Fund may specify a benchmark for itself that is "leveraged" or proprietary. There can be no assurance that a Fund will achieve its investment objective.

The Advisor primarily uses a passive or mathematical approach to determine the investments a Fund makes and techniques it employs. While the Advisor attempts to minimize any "tracking error," certain factors tend to cause a Fund's investment results to vary from a perfect correlation to its benchmark. See "Special Considerations" below for additional details.

For purposes of this SAI, the word "invest" refers to a Fund directly and indirectly investing in securities or other instruments. Similarly, when used in this SAI, the word "investment" refers to a Fund's direct and indirect investments in securities and other instruments. For example, Funds may often invest indirectly in securities or instruments by using financial instruments with economic exposure similar to those securities or instruments.

Additional information concerning a Fund, its investment policies and techniques, and the securities and financial instruments in which it may invest is set forth below.

### NAME POLICIES

Each Fund subject to a policy adopted pursuant to Rule 35d-1 under the 1940 Act (the so-called "names rule") commits to invest at least 80% of its assets (i.e., net assets plus borrowings for investment purposes), under normal circumstances, in the types of securities suggested by its name and/or investments with similar economic characteristics. Such direct or inverse exposure may be obtained through direct investments/short positions in the securities and/or through investments with similar economic characteristics. For the purposes of each such investment policy, "assets" includes a Fund's net assets, as well as amounts borrowed for investment purposes, if any. In addition, for purposes of such an investment policy, "assets" includes not only the amount of a Fund's net assets attributable to investments providing direct investment exposure to the type of investments suggested by its name (e.g., the value of stocks, or the value of derivative instruments such as futures, options or options on futures), but also cash and cash equivalents that are segregated on the Fund's books and records or being used as collateral, as required by applicable regulatory guidance, or otherwise available to cover such investment exposure. The Board has adopted a non-fundamental policy to provide investors with at least 60 days' notice prior to changes in a Fund's name policy.

### **EQUITY SECURITIES (not applicable to the Non-Equity ProFunds VP and ProFund VP Government Money Market)**

A Fund may invest in equity securities. The market price of securities owned by a Fund may go up or down, sometimes rapidly or unpredictably. Securities may decline in value due to factors affecting securities markets generally or particular industries represented in the securities markets. The value of a security may decline due to general market conditions not specifically related to a particular company, such as real or perceived adverse economic conditions, changes in the general outlook for corporate earnings, changes in interest or currency rates, or adverse investor sentiment generally. A security's value may also decline due to factors that affect a particular industry or industries, such as labor shortages or increased production costs and competitive conditions within an industry. The value of a security may also decline for a number of reasons that directly relate to the issuer, such as management performance, financial leverage and reduced demand for the issuer's goods or services. Equity securities generally have greater price volatility than fixed income securities, and a Fund is particularly sensitive to these market risks.

## **DEBT INSTRUMENTS**

Below is a description of various types of money market instruments and other debt instruments that a Fund may utilize for investment purposes, as “cover” for other investment techniques such Fund employs, or for liquidity purposes. Other types of money market instruments and debt instruments may become available that are similar to those described below and in which a Fund also may invest consistent with their investment goals and policies. Each Fund may also invest in pooled investment vehicles that invest in, and themselves qualify as, money market instruments.

### ***Money Market Instruments***

To seek its investment objective, as a cash reserve, for liquidity purposes, or as “cover” for positions it has taken, each Fund may invest all or part of its assets in cash or cash equivalents, which include, but are not limited to, short-term money market instruments, U.S. government securities, floating and variable rate notes, commercial paper, certificates of deposit, time deposits, bankers’ acceptances or repurchase agreements and other short-term liquid instruments secured by U.S. government securities. Each Fund may invest in money market instruments issued by foreign and domestic governments, financial institutions, corporations and other entities in the U.S. or in any foreign country. Each Fund may also invest in pooled investment vehicles that invest in, and themselves qualify as, money market instruments.

### ***U.S. Government Securities***

A Fund may invest in U.S. government securities in pursuit of their investment objectives, as “cover” for the investment techniques employed, or for liquidity purposes.

U.S. government securities include U.S. Treasury securities, which are backed by the full faith and credit of the U.S. Treasury and which differ only in their interest rates, maturities, and times of issuance: U.S. Treasury bills, which have initial maturities of one year or less; U.S. Treasury notes, which have initial maturities of one to ten years; and U.S. Treasury bonds, which generally have initial maturities of greater than ten years. In addition, U.S. government securities include Treasury Inflation-Protected Securities (“TIPS”). TIPS are inflation-protected public obligations of the U.S. Treasury. These securities are designed to provide inflation protection to investors. TIPS are income generating instruments whose interest and principal payments are adjusted for inflation—a sustained increase in prices that erodes the purchasing power of money. The inflation adjustment, which is typically applied monthly to the principal of the bond, follows a designated inflation index such as the Consumer Price Index. A fixed-coupon rate is applied to the inflation-adjusted principal so that as inflation rises, both the principal value and the interest payments increase. This can provide investors with a hedge against inflation, as it helps preserve the purchasing power of an investment. Because of the inflation-adjustment feature, inflation-protected bonds typically have lower yields than conventional fixed-rate bonds. In addition, TIPS decline in value when real interest rates rise. However, in certain interest rate environments, such as when real interest rates are rising faster than nominal interest rates, TIPS may experience greater losses than other fixed income securities with similar duration.

Certain U.S. government securities are issued or guaranteed by agencies or instrumentalities of the U.S. government including, but not limited to, obligations of U.S. government agencies or instrumentalities, such as the Federal National Mortgage Association (“Fannie Mae” or “FNMA”), the Government National Mortgage Association (“Ginnie Mae” or “GNMA”), the Small Business Administration, the Federal Farm Credit Administration, Federal Home Loan Banks, Banks for Cooperatives (including the Central Bank for Cooperatives), Federal Land Banks, Federal Intermediate Credit Banks, the Tennessee Valley Authority, the Export-Import Bank of the United States, the Commodity Credit Corporation, the Federal Financing Bank, the Student Loan Marketing Association, the National Credit Union Administration and the Federal Agricultural Mortgage Corporation. Some obligations issued or guaranteed by U.S. government agencies and instrumentalities, including, for example, GNMA pass-through certificates, are supported by the full faith and credit of the U.S. Treasury. Other obligations issued by or guaranteed by federal agencies, such as those securities issued by FNMA, are supported by the discretionary authority of the U.S. government to purchase certain obligations of the federal agency but are not backed by the full faith and credit of the U.S. government, while

other obligations issued by or guaranteed by federal agencies, such as those of the Federal Home Loan Banks, are supported by the right of the issuer to borrow from the U.S. Treasury. While the U.S. government provides financial support to such U.S. government-sponsored federal agencies and instrumentalities described above, no assurance can be given that the U.S. government will always do so, since the U.S. government is not so obligated by law. U.S. Treasury notes and bonds typically pay coupon interest semi-annually and repay the principal at maturity. All U.S. government securities are subject to credit risk.

Yields on U.S. government securities depend on a variety of factors, including the general conditions of the money and bond markets, the size of a particular offering, and the maturity of the obligation. Debt securities with longer maturities tend to produce higher yields and are generally subject to potentially greater capital appreciation and depreciation than obligations with shorter maturities and lower yields. The market value of U.S. government securities generally varies inversely with changes in market interest rates. An increase in interest rates, therefore, would generally reduce the market value of a Fund's portfolio investments in U.S. government securities, while a decline in interest rates would generally increase the market value of a Fund's portfolio investments in these securities.

### ***Floating and Variable Rate Notes***

Floating and variable rate notes generally are unsecured obligations issued by financial institutions and other entities. They typically have a stated maturity of more than one year and an interest rate that changes either at specific intervals or whenever a benchmark rate changes. The effective maturity of each floating or variable rate note in a Fund's portfolio will be based on these periodic adjustments. The interest rate adjustments are designed to help stabilize the note's price. While this feature helps protect against a decline in the note's market price when interest rates rise, it lowers a Fund's income when interest rates fall. Of course, a Fund's income from its floating and variable rate investments also may increase if interest rates rise.

### ***Commercial Paper***

Commercial paper is a short-term unsecured promissory note issued by businesses such as banks, corporations, finance companies and other issuers generally to finance short-term credit needs. Issuers may use commercial paper to finance accounts receivable or to meet short-term liabilities. Commercial paper generally has a fixed maturity of no more than 270 days and may trade on secondary markets after its issuance.

### ***Financial Services Obligations (not applicable to the ProFund VP Government Money Market)***

Under normal market conditions, each Fund may invest up to 25% of its net assets in obligations issued by companies in the financial services industry, including U.S. banks, foreign banks, foreign branches of U.S. banks and U.S. branches of foreign banks. These obligations may include:

*Certificates of deposit ("CDs")* — CDs represent an obligation of a bank or a foreign branch of a bank to repay funds deposited with it for a specified period of time plus interest at a stated rate.

*Time deposits* — Time deposits are non-negotiable deposits held in a banking institution for a specified time at a stated interest rate.

### ***Convertible Securities (not applicable to the ProFund VP Government Money Market)***

Convertible securities may be considered high yield securities. Convertible securities include corporate bonds, notes and preferred stock that can be converted into or exchanged for a prescribed amount of common stock of the same or a different issue within a particular period of time at a specified price or formula. A convertible security entitles the holder to receive interest paid or accrued on debt or dividends paid on preferred stock until the convertible stock matures or is redeemed, converted or exchanged. While no securities investment is without some risk, investments in convertible securities generally entail less risk than the issuer's common stock, although the extent to which such risk is reduced depends in large measure upon the degree to which the convertible security sells above its value as a fixed income security. The market value

of convertible securities tends to decline as interest rates increase and, conversely, to increase as interest rates decline. While convertible securities generally offer lower interest or dividend yields than nonconvertible debt securities of similar quality, they do enable the investor to benefit from increases in the market price of the underlying common stock.

***Mortgage-Backed Securities (not applicable to the ProFund VP Government Money Market)***

A mortgage-backed security is a type of pass-through security, which is a security representing pooled debt obligations repackaged as interests that pass income through an intermediary to investors. Each Fund may invest in mortgage-backed securities, as “cover” for the investment techniques employed. In the case of mortgage-backed securities, the ownership interest is in a pool of mortgage loans.

Mortgage-backed securities are most commonly issued or guaranteed by GNMA, FNMA or the Federal Home Loan Mortgage Corporation (“FHLMC”), but may also be issued or guaranteed by other private issuers. GNMA is a government-owned corporation that is an agency of the U.S. Department of Housing and Urban Development. It guarantees, with the full faith and credit of the United States, full and timely payment of all monthly principal and interest on its mortgage-backed securities. FNMA is a publicly owned, government-sponsored corporation that mostly packages mortgages backed by the Federal Housing Administration, but also sells some non-governmentally backed mortgages. Pass-through securities issued by FNMA are guaranteed as to timely payment of principal and interest only by FNMA. The FHLMC is a publicly chartered agency that buys qualifying residential mortgages from lenders, re-packages them and provides certain guarantees. The corporation’s stock is owned by savings institutions across the United States and is held in trust by the Federal Home Loan Bank System. Pass-through securities issued by the FHLMC are guaranteed as to timely payment of principal and interest only by the FHLMC.

Mortgage-backed securities issued by private issuers, whether or not such obligations are subject to guarantees by the private issuer, may entail greater risk than obligations directly or indirectly guaranteed by the U.S. government. The average life of a mortgage-backed security is likely to be substantially shorter than the original maturity of the mortgage pools underlying the securities. Prepayments of principal by mortgagors and mortgage foreclosures will usually result in the return of the greater part of principal invested far in advance of the maturity of the mortgages in the pool.

Collateralized mortgage obligations (“CMOs”) are debt obligations collateralized by mortgage loans or mortgage pass-through securities (collateral collectively hereinafter referred to as “Mortgage Assets”). Multi-class pass-through securities are interests in a trust composed of Mortgage Assets and all references in this section to CMOs include multi-class pass-through securities. Principal prepayments on the Mortgage Assets may cause the CMOs to be retired substantially earlier than their stated maturities or final distribution dates, resulting in a loss of all or part of the premium if any has been paid. Interest is paid or accrues on all classes of the CMOs on a monthly, quarterly or semi-annual basis. The principal and interest payments on the Mortgage Assets may be allocated among the various classes of CMOs in several ways. Typically, payments of principal, including any prepayments, on the underlying mortgages are applied to the classes in the order of their respective stated maturities or final distribution dates, so that no payment of principal is made on CMOs of a class until all CMOs of other classes having earlier stated maturities or final distribution dates have been paid in full.

Stripped mortgage-backed securities (“SMBS”) are derivative multi-class mortgage securities. Each Fund will only invest in SMBS that are obligations backed by the full faith and credit of the U.S. government. SMBS are usually structured with two classes that receive different proportions of the interest and principal distributions from a pool of mortgage assets. A Fund will only invest in SMBS whose mortgage assets are U.S. government obligations. A common type of SMBS will be structured so that one class receives some of the interest and most of the principal from the mortgage assets, while the other class receives most of the interest and the remainder of the principal. If the underlying mortgage assets experience greater than anticipated prepayments of principal, each Fund may fail to fully recoup its initial investment in these securities. The market value of any class that consists primarily or entirely of principal payments generally is unusually volatile in response to changes in interest rates.



Investment in mortgage-backed securities poses several risks, including among others, prepayment, market and credit risk. Prepayment risk reflects the risk that borrowers may prepay their mortgages faster than expected, thereby affecting the investment's average life and perhaps its yield. Whether or not a mortgage loan is prepaid is almost entirely controlled by the borrower. Borrowers are most likely to exercise prepayment options at the time when it is least advantageous to investors, generally prepaying mortgages as interest rates fall, and slowing payments as interest rates rise. Besides the effect of prevailing interest rates, the rate of prepayment and refinancing of mortgages may also be affected by appreciation in home values, ease of the refinancing process and local economic conditions. Market risk reflects the risk that the price of a security may fluctuate over time. The price of mortgage-backed securities may be particularly sensitive to prevailing interest rates, the length of time the security is expected to be outstanding, and the liquidity of the issue. In a period of unstable interest rates, there may be decreased demand for certain types of mortgage-backed securities, and each Fund invested in such securities wishing to sell them may find it difficult to find a buyer, which may in turn decrease the price at which they may be sold. Credit risk reflects the risk that a Fund may not receive all or part of its principal because the issuer or credit enhancer has defaulted on its obligations. Obligations issued by U.S. government-related entities are guaranteed as to the payment of principal and interest, but are not backed by the full faith and credit of the U.S. government. The performance of private label mortgage-backed securities, issued by private institutions, is based on the financial health of those institutions. With respect to GNMA certificates, although GNMA guarantees timely payment even if homeowners delay or default, tracking the "pass-through" payments may, at times, be difficult.

***Other Fixed Income Securities (not applicable to the ProFund VP Government Money Market)***

Each Fund may invest in a wide range of fixed income securities, which may include foreign sovereign, sub-sovereign and supranational bonds, as well as any other obligations of any rating or maturity such as foreign and domestic investment grade corporate debt securities and lower-rated corporate debt securities (commonly known as "junk bonds"). Lower-rated or high yield debt securities include corporate high yield debt securities, zero-coupon securities, payment-in-kind securities, and STRIPS. Investment grade corporate bonds are those rated BBB or better by Standard & Poor's Rating Group ("S&P") or Baa or better by Moody's Investor Services ("Moody's"). Securities rated BBB by S&P are considered investment grade, but Moody's considers securities rated Baa to have speculative characteristics. See Appendix A for a description of corporate bond ratings. A Fund may also invest in unrated securities.

*Foreign Sovereign, Sub-Sovereign, Quasi Sovereign and Supranational Securities.* A Fund may invest in fixed-rate debt securities issued by: non-U.S. governments (foreign sovereign bonds); local governments, entities or agencies of a non-U.S. country (foreign sub-sovereign bonds); corporations with significant government ownership ("Quasi-Sovereigns"); or two or more central governments or institutions (supranational bonds). These types of debt securities are typically general obligations of the issuer and are typically guaranteed by such issuer. Despite this guarantee, such debt securities are subject to default, restructuring or changes to the terms of the debt to the detriment of security holders. Such an event impacting a security held by a Fund would likely have an adverse impact on the Fund's returns. Also, due to demand from other investors, certain types of these debt securities may be less accessible to the capital markets and may be difficult for a Fund to source. This may cause a Fund, at times, to pay a premium to obtain such securities for its own portfolio. For more information related to foreign sovereign, sub-sovereign and supranational securities, see "Foreign Securities" and "Exposure to Securities or Issuers in Specific Foreign Countries or Regions" above.

*Corporate Debt Securities.* Corporate debt securities are fixed income securities issued by businesses to finance their operations, although corporate debt instruments may also include bank loans to companies. Notes, bonds, debentures and commercial paper are the most common types of corporate debt securities, with the primary difference being their maturities and secured or unsecured status. Commercial paper has the shortest term and is usually unsecured. The broad category of corporate debt securities includes debt issued by domestic or foreign companies of all kinds, including those with small-, mid- and large-capitalizations. Corporate debt may be rated investment-grade or below investment-grade and may carry variable or floating rates of interest.

Because of the wide range of types and maturities of corporate debt securities, as well as the range of creditworthiness of its issuers, corporate debt securities have widely varying potentials for return and risk profiles. For example, commercial paper issued by a large established domestic corporation that is rated investment-grade may have a modest return on principal, but carries relatively limited risk. On the other hand, a long-term corporate note issued by a small foreign corporation from an emerging market country that has not been rated may have the potential for relatively large returns on principal, but carries a relatively high degree of risk.

Corporate debt securities carry both credit risk and interest rate risk. Credit risk is the risk that a Fund could lose money if the issuer of a corporate debt security is unable to pay interest or repay principal when it is due. Some corporate debt securities that are rated below investment-grade are generally considered speculative because they present a greater risk of loss, including default, than higher quality debt securities. The credit risk of a particular issuer's debt security may vary based on its priority for repayment. For example, higher ranking (senior) debt securities have a higher priority than lower ranking (subordinated) securities. This means that the issuer might not make payments on subordinated securities while continuing to make payments on senior securities. In addition, in the event of bankruptcy, holders of higher-ranking senior securities may receive amounts otherwise payable to the holders of more junior securities. Interest rate risk is the risk that the value of certain corporate debt securities will tend to fall when interest rates rise. In general, corporate debt securities with longer terms tend to fall more in value when interest rates rise than corporate debt securities with shorter terms.

*Junk Bonds.* "Junk Bonds" generally offer a higher current yield than that available for higher-grade issues. However, lower-rated securities involve higher risks, in that they are especially subject to adverse changes in general economic conditions and in the industries in which the issuers are engaged, to changes in the financial condition of the issuers and to price fluctuations in response to changes in interest rates. During periods of economic downturn or rising interest rates, highly leveraged issuers may experience financial stress that could adversely affect their ability to make payments of interest and principal and increase the possibility of default. In addition, the market for lower-rated debt securities has expanded rapidly in recent years, and its growth paralleled a long economic expansion. At times in recent years, the prices of many lower-rated debt securities declined substantially, reflecting an expectation that many issuers of such securities might experience financial difficulties. As a result, the yields on lower-rated debt securities rose dramatically, but the higher yields did not reflect the value of the income stream that holders of such securities expected. Rather, the risk that holders of such securities could lose a substantial portion of their value as a result of the issuers' financial restructuring or default. There can be no assurance that such declines will not recur. The market for lower-rated debt issues generally is thinner and less active than that for higher quality securities, which may limit each Fund's ability to sell such securities at fair value in response to changes in the economy or financial markets. Adverse publicity and investor perceptions, whether or not based on fundamental analysis, may also decrease the values and liquidity of lower-rated securities, especially in a thinly traded market. Changes by recognized rating services in their rating of a fixed income security may affect the value of these investments. Each Fund will not necessarily dispose of a security when its rating is reduced below the rating it had at the time of purchase. However, ProFund Advisors will monitor the investment to determine whether continued investment in the security will assist in meeting each Fund's investment objective.

*Covered Bonds.* A Fund may invest in covered bonds, which are debt securities issued by banks or other credit institutions that are backed by both the issuing institution and underlying pool of assets that compose the bond (a "cover pool"). The cover pool for a covered bond is typically composed of residential or commercial mortgage loans or loans to public sector institutions. A covered bond may lose value if the credit rating of the issuing bank or credit institution is downgraded or the quality of the assets in the cover pool deteriorates.

*Unrated Debt Securities.* A Fund may also invest in unrated debt securities. Unrated debt, while not necessarily lower in quality than rated securities, may not have as broad a market. Because of the size and perceived demand for the issue, among other factors, certain issuers may decide not to pay the cost of getting



a rating for their bonds. The creditworthiness of the issuer, as well as that of any financial institution or other party responsible for payments on the security, will be analyzed to determine whether to purchase unrated bonds.

**FOREIGN SECURITIES (not applicable to the Non-Equity ProFunds VP and ProFund VP Government Money Market)**

A Fund may invest in foreign issuers, securities traded principally in securities markets outside the United States, U.S.-traded securities of foreign issuers and/or securities denominated in foreign currencies (together “foreign securities”). Also, each Fund may seek exposure to foreign securities by investing in Depositary Receipts (discussed below). Foreign securities may involve special risks due to foreign economic, political and legal developments, including unfavorable changes in currency exchange rates, exchange control regulation (including currency blockage), expropriation or nationalization of assets, confiscatory taxation, taxation of income earned in foreign nations, withholding of portions of interest and dividends in certain countries and the possible difficulty of obtaining and enforcing judgments against foreign entities. Default in foreign government securities, political or social instability or diplomatic developments could affect investments in securities of issuers in foreign nations. In addition, in many countries there is less publicly available information about issuers than is available in reports about issuers in the United States. Foreign companies are not generally subject to uniform accounting, auditing and financial reporting standards, and auditing practices and requirements may differ from those applicable to U.S. companies. Further, the growing interconnectivity of global economies and financial markets has increased the possibilities that conditions in any one country or region could have an adverse impact on issuers of securities in a different country or region.

In addition, the securities of some foreign governments, companies and markets are less liquid, and may be more volatile, than comparable securities of domestic governments, companies and markets. Some foreign investments may be subject to brokerage commissions and fees that are higher than those applicable to U.S. investments. A Fund also may be affected by different settlement practices or delayed settlements in some foreign markets. Moreover, some foreign jurisdictions regulate and limit U.S. investments in the securities of certain issuers. Additionally, U.S. investors may be prohibited from investing in securities issued by companies in certain foreign countries. This could negatively impact a Fund’s ability to sell securities or other financial instruments as needed. Such action may impair the value or liquidity of securities and negatively impact the Fund.

A Fund’s foreign investments that are related to developing (or “emerging market”) countries may be particularly volatile due to the aforementioned factors.

A Fund may value its financial instruments based upon foreign securities by using the market prices of domestically-traded financial instruments with comparable foreign securities market exposure.

***Exposure to Securities or Issuers in Specific Foreign Countries or Regions***

A Fund may focus its investments in particular foreign geographical regions or countries. In addition to the risks of investing in foreign securities discussed above, the investments of a Fund may be exposed to special risks that are specific to the country or region in which the investments are focused. Furthermore, a Fund with such a focus may be subject to additional risks associated with events in nearby countries or regions or those of a country’s principal trading partners. Additionally, a Fund may have an investment focus in a foreign country or region that is an emerging market and, therefore, are subject to heightened risks relative to a Fund that focuses its investments in more developed countries or regions.

***Exposure to Foreign Currencies***

Each Fund may invest directly in foreign currencies or hold financial instruments that provide exposure to foreign currencies, including “hard currencies,” or may invest in securities that trade in, or receive revenues in, foreign currencies. “Hard currencies” are currencies in which investors have confidence and are

typically currencies of economically and politically stable industrialized nations. To the extent that a Fund invests in such currencies, that Fund will be subject to the risk that those currencies will decline in value relative to the U.S. dollar. Currency rates in foreign countries may fluctuate significantly over short periods of time. Fund assets that are denominated in foreign currencies may be devalued against the U.S. dollar, resulting in a loss. Additionally, recent issues associated with the euro may have adverse effects on non-U.S. investments generally and on currency markets. A U.S. dollar investment in Depositary Receipts or ordinary shares of foreign issuers traded on U.S. exchanges may be affected differently by currency fluctuations than would an investment made in a foreign currency on a foreign exchange in shares of the same issuer. Foreign currencies are also subject to risks caused by inflation, interest rates, budget deficits and low savings rates, political factors and government control. A Fund may be unable or choose not to hedge its foreign currency exposure.

### ***Depositary Receipts***

A Fund may invest in depositary receipts. Depositary receipts are receipts, typically issued by a financial institution, which evidence ownership of underlying securities issued by a non-U.S. issuer. Types of depositary receipts include American Depositary Receipts (“ADRs”), Global Depositary Receipts (“GDRs”) and New York Shares (“NYSS”).

ADRs represent the right to receive securities of foreign issuers deposited in a domestic bank or a correspondent bank. ADRs are an alternative to purchasing the underlying securities in their national markets and currencies. For many foreign securities, U.S. dollar-denominated ADRs, which are traded in the United States on exchanges or over-the-counter (“OTC”), are issued by domestic banks. In general, there is a large, liquid market in the United States for many ADRs. Investments in ADRs have certain advantages over direct investment in the underlying foreign securities because: (i) ADRs are U.S. dollar-denominated investments that are easily transferable and for which market quotations are readily available and (ii) issuers whose securities are represented by ADRs are generally subject to auditing, accounting and financial reporting standards similar to those applied to domestic issuers. ADRs do not eliminate all risk inherent in investing in the securities of foreign issuers. By investing in ADRs rather than directly in the stock of foreign issuers outside the U.S., however, a Fund may avoid certain risks related to investing in foreign securities on non-U.S. markets.

GDRs are receipts for shares in a foreign-based corporation traded in capital markets around the world. While ADRs permit foreign corporations to offer shares to American citizens, GDRs allow companies in Europe, Asia, the United States and Latin America to offer shares in many markets around the world.

NYSS (or “direct shares”) are foreign stocks denominated in U.S. dollars and traded on American exchanges without being converted into ADRs. These stocks come from countries that do not restrict the trading of their stocks on other nations’ exchanges. Each Fund may also invest in ordinary shares of foreign issuers traded directly on U.S. exchanges.

A Fund may invest in both sponsored and unsponsored depositary receipts. Certain depositary receipts, typically those designated as “unsponsored,” require the holders thereof to bear most of the costs of such facilities, while issuers of “sponsored” facilities normally pay more of the costs thereof. The depository of an unsponsored facility frequently is under no obligation to distribute shareholder communications received from the issuer of the deposited securities or to pass through the voting rights to facility holders with respect to the deposited securities, whereas the depository of a sponsored facility typically distributes shareholder communications and passes through the voting rights.

Unsponsored ADR programs generally expose investors to greater risks than sponsored programs and do not provide holders with many of the shareholder benefits that come from investing in a sponsored ADR. Unsponsored ADR programs are organized independently and without the cooperation of the issuer of the underlying securities. As a result, available information concerning the issuers may not be as current for unsponsored ADRs, and the price of unsponsored depositary receipts may be more volatile than if such

instruments were sponsored by the issuer and/or there may be no correlation between available information and the market value.

**FOREIGN CURRENCY OPTIONS (only applicable to Falling U.S. Dollar ProFund VP)**

A Fund may buy or sell put and call options on foreign currencies, either on exchanges or in the OTC market. A put option on a foreign currency gives the purchaser of the option the right to sell a foreign currency at the exercise price until the option expires. A call option on a foreign currency gives the purchaser of the option the right to purchase the currency at the exercise price until the option expires. Currency options traded on U.S. or other exchanges may be subject to position limits that may limit the ability of a Fund to reduce foreign currency risk using such options. OTC options differ from traded options in that they are two-party contracts with price and other terms negotiated between buyer and seller, and generally do not have as much market liquidity as exchange-traded options. A Fund will not enter into an option position that exposes the Fund to an obligation to another party, unless the Fund (i) owns an offsetting position or other options and/or (ii) earmarks or segregates with the Fund's custodian bank cash or liquid instruments that, when added to the premiums deposited with respect to the option, are equal to the market value of the underlying currency not otherwise covered.

**FORWARD CONTRACTS (not applicable to the ProFund VP Government Money Market)**

A Fund may enter into forward contracts to attempt to gain exposure to an index or asset, or to hedge a position. Forward contracts are two-party contracts pursuant to which one party agrees to pay the other party a fixed price for an agreed-upon amount of an underlying asset or the cash value of the underlying asset at an agreed-upon date. When required by law, a Fund will segregate liquid assets in an amount equal to the value of the Fund's total assets committed to the consummation of such forward contracts. Obligations under forward contracts so covered will not be considered senior securities for purposes of a Fund's investment restriction concerning senior securities. Forward contracts that cannot be terminated in the ordinary course of business within seven days at approximately the amount at which a Fund has valued the asset may be considered to be illiquid for purposes of the Fund's illiquid investment limitations. A Fund will not enter into a forward contract unless the Advisor believes that the other party to the transaction is creditworthy. The counterparty to any forward contract will typically be a major, global financial institution. A Fund bears the risk of loss of the amount expected to be received under a forward contract in the event of the default or bankruptcy of a counterparty. If such a default occurs, a Fund will have contractual remedies pursuant to the forward contract, but such remedies may be subject to bankruptcy and insolvency laws and proceedings in the event of the counterparty's bankruptcy or insolvency, which could affect the Fund's rights as a creditor and ability to enforce the remedies provided in the applicable contract.

Depending on the structure of the contract and the underlying assets, forward contracts may be unregulated, regulated as securities transactions under the securities laws, or regulated as "swaps" under Title VII of the Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank Act") and related SEC and CFTC rules thereunder.

**FORWARD CURRENCY CONTRACTS (only applicable to Falling U.S. Dollar ProFund VP)**

A Fund may invest in forward currency contracts for investment or risk management purposes. A forward currency contract is an obligation to buy or sell a specific currency at a future date, which may be any fixed number of days from the date of the contract agreed upon by the parties, at a price set at the time of the contract. These contracts are entered into on the interbank market conducted directly between currency traders (usually large commercial banks) and their customers. Forward currency contracts are generally structured in one of two ways: (1) on a "non-deliverable" basis in cash settlement (*i.e.*, the parties settle at termination in a single currency based on then-current exchange rates) or (2) by actual delivery of the relevant currency or currencies underlying the forward currency contract.

A Fund may invest in a combination of forward currency contracts and U.S. dollar-denominated market instruments in an attempt to obtain an investment result that is substantially the same as a direct

investment in a foreign currency-denominated instrument. This investment technique creates a “synthetic” position in the particular foreign currency instrument whose performance the manager is trying to duplicate. For example, investing in a combination of U.S. dollar-denominated instruments with “long” forward currency exchange contracts creates a position economically equivalent to investing in a money market instrument denominated in the foreign currency itself. Such combined positions are sometimes necessary when the money market in a particular foreign currency is small or relatively illiquid.

For hedging purposes, a Fund may invest in forward currency contracts to hedge either specific transactions (transaction hedging) or portfolio positions (position hedging). Transaction hedging is the purchase or sale of forward currency contracts with respect to specific receivables or payables of a Fund in connection with the purchase and sale of portfolio securities. Position hedging is the sale of a forward currency contract on a particular currency with respect to portfolio positions denominated or quoted in that currency.

A Fund is not required to enter into forward currency contracts for hedging purposes. It is possible, under certain circumstances, that the Fund may have to limit its currency transactions to qualify as a “regulated investment company” (“RIC”) under the Internal Revenue Code. A Fund generally does not intend to enter into a forward currency contract with a term of more than one year, or to engage in position hedging with respect to the currency of a particular country to more than the aggregate market value (at the time the hedging transaction is entered into) of their portfolio securities denominated in (or quoted in or currently convertible into or directly related through the use of forward currency contracts in conjunction with money market instruments to) that particular currency.

With respect to forward currency contracts entered into in connection with purchases or sales of securities, at or before the maturity of a forward currency contract, a Fund may either sell a portfolio security and make delivery of the currency, or retain the security and terminate its contractual obligation to deliver the currency by buying an “offsetting” contract obligating them to buy, on the same maturity date, the same amount of the currency. If the Fund engages in an offsetting transaction, it may later enter into a new forward currency contract to sell the currency.

If a Fund engages in offsetting transactions, the Fund will incur a gain or loss, to the extent that there has been movement in forward currency contract prices. If forward prices go down during the period between the date a Fund enters into a forward currency contract for the sale of a currency and the date it enters into an offsetting contract for the purchase of the currency, the Fund will realize a gain to the extent that the price of the currency it has agreed to sell exceeds the price of the currency it has agreed to buy. If forward prices go up, the Fund will suffer a loss to the extent the price of the currency it has agreed to buy exceeds the price of the currency it has agreed to sell.

Because a Fund invests in cash instruments denominated in foreign currencies, it may hold foreign currencies pending investment or conversion into U.S. dollars. Although the Fund values its assets daily in U.S. dollars, it does not convert its holdings of foreign currencies into U.S. dollars on a daily basis. The Fund will convert its holdings from time to time, however, and incur the costs of currency conversion. Foreign exchange dealers may realize a profit based on the difference between the prices at which they buy and sell various currencies. Thus, a dealer may offer to sell a foreign currency to the Fund at one rate, and offer to buy the currency at a lower rate if the Fund tries to resell the currency to the dealer.

Although forward currency contracts may be used by a Fund to try to manage currency exchange risks, unanticipated changes in currency exchange rates could result in poorer performance than if a Fund had not entered into these transactions. Even if ProFund Advisors correctly predicts currency exchange rate movements, a hedge could be unsuccessful if changes in the value of a Fund’s position do not correspond to changes in the value of the currency in which its investments are denominated. This lack of correlation between a Fund’s forwards and currency positions may be caused by differences between the futures and currency markets.

These transactions also involve the risk that a Fund may lose its margin deposits or collateral and may be unable to realize the positive value, if any, of its position if a bank or broker with whom the Fund has an open forward position defaults or becomes bankrupt.

## **FUTURES CONTRACTS AND RELATED OPTIONS (not applicable to the ProFund VP Government Money Market)**

### ***Futures in General***

Each Fund may purchase or sell futures contracts and options thereon as a substitute for a comparable market position in the underlying securities or to satisfy regulatory requirements. A cash-settled futures contract obligates the seller to deliver (and the purchaser to accept) an amount of cash equal to a specific dollar amount multiplied by the difference between the final settlement price of a specific futures contract and the price at which the agreement is made. No physical delivery of the underlying asset is made.

Each Fund generally engages in closing or offsetting transactions before final settlement of a futures contract wherein a second identical futures contract is sold to offset a long position (or bought to offset a short position). In such cases, the obligation is to deliver (or take delivery of) cash equal to a specific dollar amount multiplied by the difference between the price of the offsetting transaction and the price at which the original contract was entered into. If the original position entered into is a long position (futures contract purchased), there will be a gain (loss) if the offsetting sell transaction is carried out at a higher (lower) price, inclusive of commissions. If the original position entered into is a short position (futures contract sold) there will be a gain (loss) if the offsetting buy transaction is carried out at a lower (higher) price, inclusive of commissions.

Whether a Fund realizes a gain or loss from futures activities depends generally upon movements in the underlying currency, commodity, security or index. The extent of a Fund's loss from an unhedged short position in futures contracts or from writing options on futures contracts is potentially unlimited, and investors may lose the amount that they invest plus any profits recognized on their investment. A Fund may engage in related closing transactions with respect to options on futures contracts. A Fund will engage in transactions in futures contracts and related options that are traded on a U.S. exchange or board of trade or that have been approved for sale in the U.S. by the Commodity Futures Trading Commission ("CFTC").

All of a Fund's transactions in futures and options on futures will be entered into through a futures commission merchant (or "FCM") regulated by the CFTC or under a foreign regulatory regime that has been recognized as equivalent by the CFTC. Under U.S. law, an FCM is the sole type of entity that may hold collateral in respect of cleared futures (and options thereon) and cleared swaps. All futures (and options thereon) entered into by a Fund will be cleared by a clearing house that is regulated by the CFTC or under a foreign regulatory regime that has been recognized as equivalent by the CFTC.

In addition, the CFTC and the exchanges are authorized to take extraordinary actions in the event of a market emergency, including, for example, the implementation or reduction of position limits, the establishment of daily price limits and the suspension of trading.

### ***Options on Futures***

When a Fund purchases a put or call option on a futures contract, the Fund pays a "premium" (*i.e.*, an amount in addition to the value of the underlying contract in relation to the exercise price of the option) for the right to sell (in the case of a put) or purchase (in the case of a call) the underlying futures contract for a specified price upon exercise at any time during the option period. When a Fund sells (or "writes") a put or call option on a futures contract, the Fund receives a premium in return for granting to the purchaser of the option the right to sell to or buy from the Fund the underlying futures contract for a specified price upon exercise at any time during the option period.



### ***Futures Margin Requirements***

Upon entering into a futures contract, each Fund will be required to deposit with its FCM an amount of cash or cash equivalents equal to a small percentage of the contract's value (these amounts are subject to change by the FCM or clearing house through which the trade is cleared). This amount, known as "initial margin," is in the nature of a performance bond or good faith deposit on the contract and is returned to the Fund upon termination of the futures contract, assuming all contractual obligations have been satisfied. Subsequent payments, known as "variation margin," to and from the broker will be made daily as the price of the index underlying the futures contract fluctuates, making the long and short positions in the futures contract more or less valuable, a process known as "marking-to-market." At any time prior to expiration of a futures contract, a Fund may elect to close its position by taking an opposite position, which will operate to terminate the Fund's existing position in the contract. A party to a futures contract is subject to the credit risk of the clearing house and the FCM through which it holds its position. Credit risk of market participants with respect to futures is concentrated in a few clearing houses, and it is not clear how an insolvency proceeding of a clearing house would be conducted and what impact an insolvency of a clearing house would have on the financial system. An FCM is generally obligated to segregate all funds received from customers with respect to customer futures positions from the FCM's proprietary assets. However, all funds and other property received by an FCM from its customers are generally held by the FCM on a commingled basis in an omnibus account, and the FCM may invest those funds in certain instruments permitted under the applicable regulations. The assets of a Fund might not be fully protected in the event of the bankruptcy of the Fund's FCM, because the Fund would be limited to recovering only a pro rata share of all available funds segregated on behalf of the FCM's customers for a relevant account class. Also, the FCM is required to transfer to the clearing house the amount of margin required by the clearing house for futures positions, which amounts are generally held in an omnibus account at the clearing house for all customers of the FCM. If an FCM does not comply with the applicable regulations or its agreement with a Fund, or in the event of fraud or misappropriation of customer assets by a FCM, the Fund could have only an unsecured creditor claim in an insolvency of the FCM with respect to the margin held by the FCM.

### ***Covered Positions***

When a Fund purchases or sells a futures contract, or buys or sells an option thereon, the Fund "covers" its position. To cover its position, a Fund may enter into an offsetting position, earmark or segregate with its custodian bank or on the official books and records of the Fund cash or liquid instruments (marked-to-market on a daily basis) that, when added to any amounts deposited with a futures commission merchant as margin, are equal to the market value of the futures contract or otherwise "cover" its position. When required by law, a Fund will segregate liquid assets in an amount equal to the value of the Fund's total assets committed to the consummation of such futures contracts. Obligations under futures contracts so covered will not be considered senior securities for purposes of a Fund's investment restriction concerning senior securities.

### ***Correlation Risk***

The primary risks associated with the use of futures contracts are imperfect correlation between movements in the price of the futures and the market value of the underlying assets, and the possibility of an illiquid market for a futures contract. Although each Fund intends to sell futures contracts only if there is an active market for such contracts, no assurance can be given that a liquid market will exist for any particular contract at any particular time. Many futures exchanges and boards of trade limit the amount of fluctuation permitted in futures contract prices during a single trading day. Once the daily limit has been reached in a particular contract, no trades may be made that day at a price beyond that limit or trading may be suspended for specified periods during the day. Futures contract prices could move to the limit for several consecutive trading days with little or no trading, thereby preventing prompt liquidation of futures positions and potentially subjecting a Fund to substantial losses. If trading is not possible, or if a Fund determines not to close a futures position in anticipation of adverse price movements, the Fund will be required to make daily cash payments of variation margin. The risk that the Fund will be unable to close out a futures position will

be minimized by entering into such transactions on a national exchange with an active and liquid secondary market. In addition, although the counterparty to a futures contract is often a clearing organization, backed by a group of financial institutions, there may be instances in which the counterparty could fail to perform its obligations, causing significant losses to a Fund.

### ***Speculative Position Limits***

The CFTC and domestic exchanges have established speculative position limits (“position limits”) on the maximum speculative position which any person, or group of persons acting in concert, may hold or control in particular futures and options on futures contracts. All positions owned or controlled by the same person or entity, even if in different accounts, must be aggregated for purposes of determining whether the applicable position limits have been exceeded. Thus, even if a Fund does not intend to exceed applicable position limits, it is possible that different clients managed by the Advisor may be aggregated for this purpose. Although it is possible that the trading decisions of the Advisor may have to be modified and that positions held by a Fund may have to be liquidated in order to avoid exceeding such limits, the Advisor believes that this is unlikely. The modification of investment decisions or the elimination of open positions, if it occurs, may adversely affect the profitability of a Fund. In addition, the CFTC recently adopted rules which, once effective will materially expand the scope of contracts subject to federal limits to include additional futures and options on futures and certain swaps. Such regulations may adversely affect a Fund’s ability to hold positions in certain futures contracts and related options and swaps.

### **INVESTMENTS IN OTHER INVESTMENT COMPANIES**

A Fund may invest in other investment companies, including exchange-traded funds (“ETFs”) and unit investment trusts (“UITs”), to the extent that such an investment would be consistent with the requirements of the 1940 Act or any exemptive order issued by the SEC. If a Fund invests in, and thus, is a shareholder of, another investment company, the Fund’s shareholders will indirectly bear the Fund’s proportionate share of the fees and expenses paid by such other investment company, including advisory fees, in addition to both the management fees payable directly by the Fund to the Fund’s own investment adviser and the other expenses that the Fund bears directly in connection with the Fund’s own operations.

Because most ETFs are investment companies, absent exemptive relief or reliance on an applicable exemptive statute or rule, a Fund’s investments in such investment companies generally would be limited under applicable federal statutory provisions. Those provisions typically restrict a Fund’s investment in the shares of another investment company to up to 5% of its assets (which may represent no more than 3% of the securities of such other investment company) and limit aggregate investments in all investment companies to 10% of assets. A Fund may invest in certain ETFs in excess of the statutory limit in reliance on an exemptive order issued by the SEC to those entities or pursuant to statutory or exemptive relief and pursuant to procedures approved by the Board provided that the Fund complies with the conditions of the exemptive relief, as they may be amended from time to time, and any other applicable investment limitations.

### **REAL ESTATE INVESTMENT TRUSTS (not applicable to the Non-Equity ProFunds VP and ProFund VP Government Money Market)**

A Fund may invest in real estate investment trusts (“REITs”). Equity REITs invest primarily in real property, while mortgage REITs invest in construction, development and long-term mortgage loans. Their value may be affected by changes in the value of the underlying property of the REIT, the creditworthiness of the issuer, property taxes, interest rates, and tax and regulatory requirements, such as those relating to the environment. REITs are dependent upon management skill, are not diversified and are subject to heavy cash flow dependency, default by borrowers, self-liquidation and the possibility of failing to qualify for tax-free pass-through of income under the Code and failing to maintain exempt status under the 1940 Act.

## **SECURITIES AND INDEX OPTIONS (not applicable to the ProFund VP Government Money Market)**

Each Fund may buy and write (sell) options on securities, indexes and other assets for the purpose of realizing its investment objective. Options may settle in cash or settle by a delivery of securities or other assets underlying the options.

### ***Physically Settled Options***

By buying a call option, a Fund has the right, in return for a premium paid during the term of the option, to buy the asset underlying the option at the exercise price. By writing (selling) a call option a Fund becomes obligated during the term of the option to sell the asset underlying the option at the exercise price if the option is exercised; conversely, by buying a put option, a Fund has the right, in return for a premium paid during the term of the option, to sell the asset underlying the option at the exercise price. By writing a put option, a Fund becomes obligated during the term of the option to purchase the asset underlying the option at the exercise price if the option is exercised.

### ***Cash-Settled Options***

Cash-settled options give the holder (purchaser) of an option the right to receive an amount of cash upon exercise of the option. Receipt of this cash amount will depend upon the value of the underlying asset (or closing level of the index, as the case may be) upon which the option is based being greater than (in the case of a call) or less than (in the case of a put) the level at which the exercise price of the option is set. The amount of cash received, if any, will be the difference between the value of the underlying asset (or closing price level of the index, as the case may be) and the exercise price of the option, multiplied by a specified dollar multiple. The writer (seller) of the option is obligated, in return for the premiums received from the purchaser of the option, to make delivery of this amount to the purchaser. All settlements of index options transactions are in cash.

### ***Exercise of Options***

During the term of an option on securities, the writer may be assigned an exercise notice by the broker-dealer through whom the option was sold. The exercise notice would require the writer to deliver, in the case of a call, or take delivery of, in the case of a put, the underlying asset against payment of the exercise price (or, in certain types of options, make a cash equivalent payment). This obligation terminates upon expiration of the option, or at such earlier time that the writer effects a closing purchase transaction by purchasing an option covering the same underlying asset and having the same exercise price and expiration date as the one previously sold. Once an option has been exercised, the writer may not execute a closing purchase transaction.

### ***Cleared Options***

In the case of cleared options, in order to secure the obligation to deliver the underlying asset in the case of a call option, the writer of a call option is required to deposit in escrow the underlying asset or other assets in accordance with the rules of the Options Clearing Corporation (the "OCC"), a clearing agency created to interpose itself between buyers and sellers of options. The OCC assumes the other side of every purchase and sale transaction on an exchange and, by doing so, guarantees performance by the other side of the transaction. Pursuant to relevant regulatory requirements, a Fund is required to agree in writing to be bound by the rules of the OCC. When writing call options on an asset, a Fund may cover its position by owning the underlying asset on which the option is written. Alternatively, the Fund may cover its position by owning a call option on the underlying asset, on a share-for-share basis, which is deliverable under the option contract at a price no higher than the exercise price of the call option written by the Fund or, if higher, by owning such call option and depositing and segregating cash or liquid instruments equal in value to the difference between the two exercise prices. In addition, a Fund may cover its position by segregating cash or liquid instruments equal in value to the exercise price of the call option written by the Fund. When a Fund writes a put option, the Fund will segregate with its custodian bank cash or liquid instruments having a value



equal to the exercise value of the option. The principal reason for a Fund to write call options on assets held by the Fund is to attempt to realize, through the receipt of premiums, a greater return than would be realized on the underlying assets alone.

If a Fund that writes an option wishes to terminate the Fund's obligation, the Fund may effect a "closing purchase transaction." The Fund accomplishes this by buying an option of the same series as the option previously written by the Fund. The effect of the purchase is that the writer's position will be canceled by the OCC. However, a writer may not effect a closing purchase transaction after the writer has been notified of the exercise of an option. Likewise, a Fund which is the holder of an option may liquidate its position by effecting a "closing sale transaction." The Fund accomplishes this by selling an option of the same series as the option previously purchased by the Fund. There is no guarantee that either a closing purchase or a closing sale transaction can be effected. If any call or put option is not exercised or sold, the option will become worthless on its expiration date. A Fund will realize a gain (or a loss) on a closing purchase transaction with respect to a call or a put option previously written by the Fund if the premium, plus commission costs, paid by the Fund to purchase the call or put option to close the transaction is less (or greater) than the premium, less commission costs, received by the Fund on the sale of the call or the put option. The Fund also will realize a gain if a call or put option which the Fund has written lapses unexercised, because the Fund would retain the premium.

Although certain securities exchanges attempt to provide continuously liquid markets in which holders and writers of options can close out their positions at any time prior to the expiration of the option, no assurance can be given that a market will exist at all times for all outstanding options purchased or sold by a Fund. If an options market were to become unavailable, the Fund would be unable to realize its profits or limit its losses until the Fund could exercise options it holds, and the Fund would remain obligated until options it wrote were exercised or expired. Reasons for the absence of liquid secondary market on an exchange include the following: (i) there may be insufficient trading interest in certain options; (ii) restrictions may be imposed by an exchange on opening or closing transactions or both; (iii) trading halts, suspensions or other restrictions may be imposed with respect to particular classes or series of options; (iv) unusual or unforeseen circumstances may interrupt normal operations on an exchange; (v) the facilities of an exchange or the OCC may not at all times be adequate to handle current trading volume; or (vi) one or more exchanges could, for economic or other reasons, decide or be compelled at some future date to discontinue the trading of options (or a particular class or series of options) and those options would cease to exist, although outstanding options on that exchange that had been issued by the OCC as a result of trades on that exchange would continue to be exercisable in accordance with their terms.

### ***Options Position Limits***

Securities self-regulatory organizations (e.g., the exchanges and FINRA) have established limitations governing the maximum number of call or put options of certain types that may be bought or written (sold) by a single investor, whether acting alone or in concert with others. These position limits may restrict the number of listed options which a Fund may buy or sell. While a Fund is not directly subject to these rules, as a result of rules applicable to the broker-dealers with whom a Fund transacts in options, it is required to agree in writing to be bound by relevant position limits.

### ***Index Options***

Index options are subject to substantial risks, including the risk of imperfect correlation between the option price and the value of the underlying assets composing the index selected, the possibility of an illiquid market for the option or the inability of counterparties to perform. Because the value of an index option depends upon movements in the level of the index rather than the price of a particular asset, whether a Fund will realize a gain or loss from the purchase or writing (sale) of options on an index depends upon movements in the level of prices for specific underlying assets generally or, in the case of certain indexes, in an industry or market segment. A Fund will not enter into an option position that exposes the Fund to an obligation to another party, unless the Fund either (i) owns an offsetting position in the underlying securities or other

options and/or (ii) earmarks or segregates with the Fund's custodian bank cash or liquid instruments that, when added to the premiums deposited with respect to the option, are equal to the market value of the underlying assets not otherwise covered.

## SWAPS

### *General*

A Fund may enter into swaps and other derivatives to gain exposure to an underlying asset without actually purchasing such asset, or to hedge a position including in circumstances in which direct investment is restricted for legal reasons or is otherwise impracticable. Swaps are two-party contracts entered into primarily by institutional investors for periods ranging from a day to more than one year. In a standard "swap" transaction, two parties agree to exchange the returns (or differentials in rates of return) earned or realized on a particular pre-determined interest rate, commodity, security, indexes, or other assets or measurable indicators. The gross return to be exchanged or "swapped" between the parties is calculated with respect to a "notional amount," *e.g.*, the return on, or the increase/decrease in, value of a particular dollar amount invested in a "basket" of securities or an ETF representing a particular index or group of securities.

Each Fund may enter into swaps to invest in a market without owning or taking physical custody of securities. For example, in one common type of total return swap, the Fund's counterparty will agree to pay the Fund the rate at which the specified asset or indicator (*e.g.*, an ETF, or securities comprising a benchmark index, plus the dividends or interest that would have been received on those assets) increased in value multiplied by the relevant notional amount of the swap. The Fund will agree to pay to the counterparty an interest fee (based on the notional amount) and the rate at which, the specified asset or indicator would decreased in value multiplied by the notional amount of the swap, plus, in certain instances, commissions or trading spreads on the notional amount.

As a result, the swap has a similar economic effect as if the Fund were to invest in the assets underlying the swap in an amount equal to the notional amount of the swap. The return to the Fund on such swap should be the gain or loss on the notional amount plus dividends or interest on the assets less the interest paid by the Fund on the notional amount. However, unlike cash investments in the underlying assets, the Fund will not be an owner of the underlying assets and will not have voting or similar rights in respect of such assets.

As a trading technique, ProFund Advisors may substitute physical securities with a swap having investment characteristics substantially similar to the underlying securities. A Fund may also enter into swaps that provide the opposite return of their benchmark or a security. Their operations are similar to that of the swaps discussed above except that the counterparty pays interest to each Fund on the notional amount outstanding and that dividends or interest on the underlying instruments reduce the value of the swap, plus, in certain instances, each Fund will agree to pay to the counterparty commissions or trading spreads on the notional amount. These amounts are often netted with any unrealized gain or loss to determine the value of the swap.

The use of swaps is a highly specialized activity which involves investment techniques and risks in addition to, and in some cases different from, those associated with ordinary portfolio securities transactions. The primary risks associated with the use of swaps are mispricing or improper valuation, imperfect correlation between movements in the notional amount and the price of the underlying investments, and the inability of the counterparties or clearing organization to perform. If a counterparty's creditworthiness for an over-the-counter swap declines, the value of the swap would likely decline. Moreover, there is no guarantee that a Fund could eliminate its exposure under an outstanding swap by entering into an offsetting swap with the same or another party. In addition, a Fund may use a combination of swaps on an underlying index and swaps on an ETF that is designed to track the performance of that index. The performance of an ETF may deviate from the performance of its underlying index due to embedded costs and other factors. Thus, to the extent a Fund invests in swaps that use an ETF as the reference asset, that Fund may be subject to greater

correlation risk and may not achieve as high a degree of correlation with its index as it would if the Fund used only swaps on the underlying index.

ProFund Advisors, under the supervision of the Board, is responsible for determining and monitoring the liquidity of each Fund's transactions in swaps.

### ***Common Types of Swaps***

A Fund may enter into any of several types of swaps, including:

*Total Return Swaps.* Total return swaps may be used either as economically similar substitutes for owning the reference asset specified in the swap, such as the securities that comprise a given market index, particular securities or commodities, or other assets or indicators. They also may be used as a means of obtaining exposure in markets where the reference asset is unavailable or it may otherwise be impossible or impracticable for the Fund to own that asset. "Total return" refers to the payment (or receipt) of the total return on the underlying reference asset, which is then exchanged for the receipt (or payment) of an interest rate. Total return swaps provide the Fund with the additional flexibility of gaining exposure to a market or sector index in a potentially more economical way

*Interest Rate Swaps.* Interest rate swaps, in their most basic form, involve the exchange by a Fund with another party of their respective commitments to pay or receive interest. For example, a Fund might exchange its right to receive certain floating rate payments in exchange for another party's right to receive fixed rate payments. Interest rate swaps can take a variety of other forms, such as agreements to pay the net differences between two different interest indexes or rates. Despite their differences in form, the function of interest rate swaps is generally the same: to increase or decrease a Fund's exposure to long- or short-term interest rates. For example, a Fund may enter into an interest rate swap to preserve a return or spread on a particular investment or a portion of its portfolio or to protect against any increase in the price of securities the Fund anticipates purchasing at a later date.

*Credit Default Swaps ("CDS").* A CDS generally references one or more debt securities or reference entities. The protection "buyer" in a CDS is generally obligated to pay the protection "seller" an upfront or a periodic stream of payments over the term of the contract until a credit event, such as a default in payments of interest or principal on bonds, has occurred in respect of the reference entity or assets. If a credit event occurs, the seller generally must pay the buyer: (a) the full notional value of the swap; or (b) the difference between the notional value of the defaulted reference entity and the recovery price/rate for the defaulted reference entity. CDS are designed to reflect changes in credit quality, including events of default.

*Other Swaps.* Other forms of swaps that a Fund may enter into include: interest rate caps, under which, in return for a premium, one party agrees to make payments to the other to the extent that interest rates exceed a specified rate, or "cap"; interest rate floors, under which, in return for a premium, one party agrees to make payments to the other to the extent that interest rates fall below a specified level, or "floor"; and interest rate collars, under which a party sells a cap and purchases a floor or vice versa in an attempt to protect itself against interest rate movements exceeding given minimum or maximum levels.

### ***Mechanics of a Fund's Swaps***

*Payments.* Most swaps entered into by a Fund (but generally not CDS) calculate and settle the obligations of the parties to the agreement on a "net basis" with a single payment. Consequently, a Fund's current obligations (or rights) under a swap will generally be equal only to the net amount to be paid or received under the agreement based on the relative values of the positions held by each party to the agreement (the "net amount"). Other swaps, such as CDS, may require initial premium (discount) payments as well as periodic payments (receipts) related to the interest leg of the swap or to the default of the reference entity.

A Fund's current obligations under most swaps (e.g., total return swaps, equity/index swaps, interest rate swaps) will be accrued daily (offset against any amounts owed to the Fund by the counterparty to the swap) and any accrued but unpaid net amounts owed to a swap counterparty will be covered by segregating or

earmarking cash or other assets determined to be liquid. However, typically no payments will be made until the settlement date.

In connection with CDS in which a Fund is a “buyer,” the Fund will segregate or earmark cash or assets determined to be liquid by ProFund Advisors, with a value at least equal to the Fund’s maximum potential exposure under the swap (*e.g.*, any accrued but unpaid net amounts owed by the Fund to any clearinghouse counterparty). In connection with CDS in which a Fund is a “seller”, however, the Fund will segregate or earmark cash or assets determined to be liquid by ProFund Advisors, with a value at least equal to the full notional amount of the swap (minus any variation margin or amounts owed to the Fund under an offsetting cleared transaction). This segregation or earmarking is intended to ensure that a Fund has assets available to satisfy its potential obligations with respect to the transaction. Each Fund reserves the right to modify its asset segregation policies in the future, including modifications to comply with any changes in the positions articulated by the SEC or its staff regarding asset segregation. Inasmuch as these transactions are entered into for hedging purposes or are offset by earmarked or segregated cash or liquid assets, as permitted by applicable law, the Fund and ProFund Advisors believe that these transactions do not constitute “senior securities” within the meaning of the 1940 Act, and, accordingly, will not treat them as being subject to a Fund’s borrowing restrictions. Swaps that cannot be terminated in the ordinary course of business within seven days at approximately the amount a Fund has valued the asset may be considered to be illiquid for purposes of the Fund’s illiquid investment limitations.

*Counterparty Credit Risk.* A Fund will not enter into any uncleared swap (*i.e.*, not cleared by a central counterparty) unless ProFund Advisors believes that the other party to the transaction is creditworthy. The counterparty to an uncleared swap will typically be a major global financial institution. A Fund will be subject to credit risk with respect to the counterparties with which the Fund enters into derivatives contracts and other transactions such as repurchase agreements or reverse repurchase agreements. A Fund’s ability to profit from these types of investments and transactions will depend on the willingness and ability of its counterparty to perform its obligations. If a counterparty fails to meet its contractual obligations, a Fund may be unable to terminate or realize any gain on the investment or transaction, resulting in a loss to the Fund. A Fund may experience significant delays in obtaining any recovery in an insolvency, bankruptcy, or other reorganization proceeding involving its counterparty (including recovery of any collateral posted by it) and may obtain only a limited recovery or may obtain no recovery in such circumstances. If a Fund holds collateral posted by its counterparty, it may be delayed or prevented from realizing on the collateral in the event of a bankruptcy or insolvency proceeding relating to the counterparty. Under applicable law or contractual provisions, including if a Fund enters into an investment or transaction with a financial institution and such financial institution (or an affiliate of the financial institution) experiences financial difficulties, then the Fund may in certain situations be prevented or delayed from exercising its rights to terminate the investment or transaction, or to realize on any collateral, and may result in the suspension of payment and delivery obligations of the parties under such investment or transactions or in another institution being substituted for that financial institution without the consent of the Fund. Further, a Fund may be subject to “bail-in” risk under applicable law whereby, if required by the financial institution’s authority, the financial institution’s liabilities could be written down, eliminated or converted into equity or an alternative instrument of ownership. A bail-in of a financial institution may result in a reduction in value of some or all of its securities and, if a Fund holds such securities or has entered into a transaction with such a financial security when a bail-in occurs, such Fund may also be similarly impacted.

Upon entering into a cleared swap, a Fund is required to deposit with its FCM an amount of cash or cash equivalents equal to a small percentage of the notional amount (this amount is subject to change by the FCM or clearing house through which the trade is cleared). This amount, known as “initial margin,” is in the nature of a performance bond or good faith deposit on the cleared swap and is returned to a Fund upon termination of the swap, assuming all contractual obligations have been satisfied. Subsequent payments, known as “variation margin” to and from the broker will be made daily as the price of the swap fluctuates, making the long and short position in the swap contract more or less valuable, a process known as “marking-to-market.” The premium (discount) payments are built into the daily price of the swap and thus are

amortized through the variation margin. The variation margin payment also includes the daily portion of the periodic payment stream.

A party to a cleared swap is subject to the credit risk of the clearing house and the FCM through which it holds its position. Credit risk of market participants with respect to cleared swaps is concentrated in a few clearing houses, and it is not clear how an insolvency proceeding of a clearing house would be conducted and what impact an insolvency of a clearing house would have on the financial system. An FCM is generally obligated to segregate all funds received from customers with respect to cleared swap positions from the FCM's proprietary assets. However, all funds and other property received by an FCM from its customers are generally held by the FCM on a commingled basis in an omnibus account, and the FCM may invest those funds in certain instruments permitted under the applicable regulations. The assets of a Fund might not be fully protected in the event of the bankruptcy of the Fund's FCM, because the Fund would be limited to recovering only a pro rata share of all available funds segregated on behalf of the FCM's customers for a relevant account class. Also, the FCM is required to transfer to the clearing house the amount of margin required by the clearing house for cleared swaps positions, which amounts are generally held in an omnibus account at the clearing house for all customers of the FCM. Regulations promulgated by the CFTC require that the FCM notify the clearing house of the amount of initial margin provided by the FCM to the clearing house that is attributable to each customer. However, if the FCM does not provide accurate reporting, a Fund is subject to the risk that a clearing house will use the Fund's assets held in an omnibus account at the clearing house to satisfy payment obligations of a defaulting customer of the clearing member to the clearing house. In addition, if an FCM does not comply with the applicable regulations or its agreement with a Fund, or in the event of fraud or misappropriation of customer assets by an FCM, the Fund could have only an unsecured creditor claim in an insolvency of the FCM with respect to the margin held by the FCM.

*Termination and Default Risk.* Certain of the Fund's swap agreements contain termination provisions that, among other things, require the Fund to maintain a pre-determined level of net assets, and/or provide limits regarding the decline of the Fund's net asset value over specific periods of time, which may or may not be exclusive of redemptions. If the Fund were to trigger such provisions and have open derivative positions, at that time counterparties to the swaps could elect to terminate such agreements and request immediate payment in an amount equal to the net liability positions, if any, under the relevant agreement.

### ***Regulatory Margin***

In recent years, regulators across the globe, including the CFTC and the U.S. banking regulators, have adopted margin requirements applicable to uncleared swaps. While a Fund is not directly subject to these requirements, where a Fund's counterparty is subject to the requirements, uncleared swaps between a Fund and that counterparty are required to be marked-to-market on a daily basis, and collateral is required to be exchanged to account for any changes in the value of such swaps. The rules impose a number of requirements as to these exchanges of margin, including as to the timing of transfers, the type of collateral (and valuations for such collateral) and other matters that may be different than what a Fund would agree with its counterparty in the absence of such regulation. In all events, where a Fund is required to post collateral to its swap counterparty, such collateral will be posted to an independent bank custodian, where access to the collateral by the swap counterparty will generally not be permitted unless the relevant Fund is in default on its obligations to the swap counterparty.

In addition to the variation margin requirements, regulators have adopted "initial" margin requirements applicable to uncleared swaps. Where applicable, these rules require parties to an uncleared swap to post, to a custodian that is independent from the parties to the swap, collateral (in addition to any "variation margin" collateral noted above) in an amount that is either (i) specified in a schedule in the rules or (ii) calculated by the regulated party in accordance with a model that has been approved by that party's regulator(s). At this time, the initial margin rules do not apply to a Fund's swap trading relationships. However, the rules are being implemented on a phased basis, and in the near future, the rules may apply to a Fund. In the event that the rules apply, they would impose significant costs on such a Fund's ability to engage



in uncleared swaps and, as such, could adversely affect ProFund Advisors' ability to manage the Fund, may impair a Fund's ability to achieve its investment objective and/or may result in reduced returns to the Fund's investors.

### ***Risks of Government Regulation of Derivatives***

It is possible that government regulation of various types of derivative instruments, including futures and swap agreements, may limit or prevent a Fund from using such instruments as a part of its investment strategy, and could ultimately prevent a Fund from being able to achieve its investment objective. It is impossible to predict fully the effects of legislation and regulation in this area, but the effects could be substantial and adverse.

The regulation of derivatives in the U.S., the European Union ("EU") and other jurisdictions is a rapidly changing area of law and is subject to modification by government and judicial action. Recent legislative and regulatory reforms, including the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act"), have resulted in increased regulation of derivatives, including clearing, margin reporting, recordkeeping and registration requirements for certain types of derivatives. Because these requirements are relatively new and evolving, and certain of the rules are not yet final, their ultimate impact remains unclear. New regulations could, among other things, restrict a Fund's ability to engage in swap transactions (for example, by making certain types of swap transactions no longer available to the Fund) and/or increase the costs of such swap transactions (for example, by increasing margin or capital requirements), and the Fund may as a result be unable to execute its investment strategies in a manner that ProFund Advisors might otherwise choose. There is a possibility of future regulatory changes altering, perhaps to a material extent, the nature of an investment in a Fund or the ability of a Fund to continue to implement its investment strategies.

Also, as described above, in the event of a counterparty's (or its affiliate's) insolvency, a Fund's ability to exercise remedies could be stayed or eliminated under special resolution regimes adopted in the United States, the EU and various other jurisdictions. Such regimes provide government authorities with broad authority to intervene when a financial institution is experiencing financial difficulty and may prohibit a Fund from exercising termination rights based on the financial institution's insolvency. In particular, in the EU, governmental authorities could reduce, eliminate or convert to equity the liabilities to a Fund of a counterparty experiencing financial difficulties (sometimes referred to as a "bail in").

In addition, the SEC recently finalized new Rule 18f-4 under the 1940 Act providing for the regulation of registered investment companies' use of derivatives and certain related instruments (e.g., reverse repurchase agreements). Compliance with Rule 18f-4 will not be required until approximately August 2022. The new rule, among other things, limits derivatives exposure through one of two value-at-risk tests and eliminates the asset segregation framework for covering derivatives and certain financial instruments arising from the SEC's Release 10666 and ensuing staff guidance. Limited derivatives users (as determined by Rule 18f-4) are not, however, subject to the full requirements under the rule. As a Fund comes into compliance, the approach to asset segregation and coverage requirements described in this SAI will be impacted.

These and other new rules and regulations could, among other things, further restrict a Fund's ability to engage in, or increase the cost to the Fund of, derivatives transactions, for example, by making some types of derivatives no longer available to the Fund, increasing margin or capital requirements, or otherwise limiting liquidity or increasing transaction costs. The implementation of the clearing requirement for certain swaps has increased the costs of derivatives transactions for a Fund, since a Fund has to pay fees to their clearing members and are typically required to post more margin for cleared derivatives than they have historically posted for bilateral derivatives. The costs of derivatives transactions may increase further as clearing members raise their fees to cover the costs of additional capital requirements and other regulatory changes applicable to the clearing members. Certain aspects of these regulations are still being implemented, so their potential impact on a Fund and the financial system are not yet known. While the regulations and central clearing of some derivatives transactions are designed to reduce systemic risk (*i.e.*, the risk that the interdependence of

large derivatives dealers could cause them to suffer liquidity, solvency or other challenges simultaneously), there is no assurance that the mechanisms imposed under the regulations will achieve that result, and in the meantime, as noted above, central clearing, minimum margin requirements and related requirements expose a Fund to new kinds of risks and costs.

## **BORROWING**

Each Fund may borrow money for cash management purposes or investment purposes. Borrowing for investment is a form of leverage. Leveraging investments, by purchasing securities with borrowed money, is a speculative technique which increases investment risk, but also increases investment opportunity. Because substantially all of a Fund's assets will fluctuate in value, whereas the interest obligations on borrowings may be fixed, the NAV per share of the Fund will fluctuate more when the Fund is leveraging its investments than would otherwise be the case. Moreover, interest costs on borrowings may fluctuate with changing market rates of interest and may partially offset or exceed the returns on the borrowed funds. Under adverse conditions, a Fund might have to sell portfolio securities to meet interest or principal payments at a time when investment considerations would not favor such sales. Consistent with the requirements of the 1940 Act, each Fund must maintain continuous asset coverage (total assets, including assets acquired with borrowed funds, less liabilities exclusive of borrowings) of 300% of all amounts borrowed. If at any time the value of a Fund's assets should fail to meet this 300% coverage test, the Fund, within three days (not including weekends and holidays), will reduce the amount of the Fund's borrowings to the extent necessary to meet this 300% coverage requirement. Maintenance of this percentage limitation may result in the sale of portfolio securities at a time when investment considerations would not favor such sale. In addition to the foregoing, each Fund is authorized to borrow money as a temporary measure for extraordinary or emergency purposes in amounts not in excess of 5% of the value of each Fund's total assets. This borrowing is not subject to the foregoing 300% asset coverage requirement. Each Fund is authorized to pledge portfolio securities as ProFund Advisors deems appropriate in connection with any borrowings.

Each Fund (except ProFund VP Government Money Market) may also enter into reverse repurchase agreements, which may be viewed as a form of borrowing, with financial institutions. However, under current pronouncements, to the extent a Fund "covers" its repurchase obligations as described above in "Reverse Repurchase Agreements," such agreement will not be considered to be a "senior security" and, therefore, will not be subject to the 300% asset coverage requirement otherwise applicable to borrowings by that Fund.

Obligations under futures contracts, forward contracts and swap agreements that are similarly covered will not be considered "senior securities" and, therefore, will not be subject to the 300% asset coverage requirement.

## **CASH RESERVES**

In seeking to achieve its investment objective, as a cash reserve, for liquidity purposes, or as cover for positions it has taken, each Fund may invest all or part of its assets in cash or cash equivalents, which include, but are not limited to, short-term money market instruments, U.S. government securities, certificates of deposit, bankers acceptances, or repurchase agreements secured by U.S. government securities.

## **REPURCHASE AGREEMENTS**

Each Fund may enter into repurchase agreements with financial institutions in pursuit of its investment objectives, as "cover" for the investment techniques it employs, or for liquidity purposes. Under a repurchase agreement, a Fund purchases a debt security and simultaneously agrees to sell the security back to the seller at a mutually agreed-upon future price and date, normally one day or a few days later. The resale price is greater than the purchase price, reflecting an agreed-upon market interest rate during the purchaser's holding period. While the maturities of the underlying securities in repurchase transactions may be more than one year, the term of each repurchase agreement will always be less than one year. Each Fund follows certain procedures designed to minimize the risks inherent in such agreements. These procedures include effecting repurchase transactions generally with major global financial institutions. The creditworthiness of each of the

firms that is a party to a repurchase agreement with a Fund will be monitored by ProFund Advisors. In addition, the value of the collateral underlying the repurchase agreement will always be at least equal to the repurchase price, including any accrued interest earned on the repurchase agreement. In the event of a default or bankruptcy by a selling financial institution, a Fund will seek to liquidate such collateral which could involve certain costs or delays and, to the extent that proceeds from any sale upon a default of the obligation to repurchase were less than the repurchase price, the Fund could suffer a loss. A Fund also may experience difficulties and incur certain costs in exercising its rights to the collateral and may lose the interest the Fund expected to receive under the repurchase agreement. Repurchase agreements usually are for short periods, such as one week or less, but may be longer. It is the current policy of each Fund not to invest in repurchase agreements that do not mature within seven days if any such investment, together with any other illiquid assets held by the Fund, amounts to more than 15% of the Fund's total net assets. The investments of each Fund in repurchase agreements at times may be substantial when, in the view of ProFund Advisors, liquidity, investment, regulatory, or other considerations so warrant.

Regulations adopted by global prudential regulators that are now in effect require certain bank-regulated counterparties and certain of their affiliates to include in certain financial contracts, including many repurchase agreements, terms that delay or restrict the rights of counterparties, such as a Fund, to terminate such agreements, take foreclosure action, exercise other default rights or restrict transfers of credit support in the event that the counterparty and/or its affiliates are subject to certain types of resolution or insolvency proceedings. It is possible that these new requirements, as well as potential additional government regulation and other developments in the market, could adversely affect a Fund's ability to terminate existing repurchase agreements and purchase and sale contracts or to realize amounts to be received under such agreements.

#### **REVERSE REPURCHASE AGREEMENTS (not applicable to the ProFund VP Government Money Market)**

Each Fund may enter into reverse repurchase agreements as part of its investment strategy, which may be viewed as a form of borrowing. Reverse repurchase agreements involve sales by a Fund of portfolio assets for cash concurrently with an agreement by the Fund to repurchase those same assets at a later date at a fixed price. Generally, the effect of such a transaction is that a Fund can recover all or most of the cash invested in the portfolio securities involved during the term of the reverse repurchase agreement, while a Fund will be able to keep the interest income associated with those portfolio securities. Such transactions are advantageous only if the interest cost to a Fund of the reverse repurchase transaction is less than the cost of obtaining the cash otherwise. Opportunities to achieve this advantage may not always be available, and a Fund intends to use the reverse repurchase technique only when it will be to the Fund's advantage to do so. A Fund will segregate with its custodian bank cash or liquid instruments equal in value to the Fund's obligations with respect to reverse repurchase agreements.

#### **SHORT SALES (not applicable to the ProFund VP Government Money Market)**

A Fund may engage in short sales transactions. A short sale is a transaction in which a Fund sells a security it does not own in anticipation that the market price of that security will decline. To complete such a transaction, a Fund must borrow the security to make delivery to the buyer. The Fund is then obligated to replace the security borrowed by borrowing the same security from another lender, purchasing it at the market price at the time of replacement or paying the lender an amount equal to the cost of purchasing the security. The price at such time may be more or less than the price at which the security was sold by the Fund. Until the security is replaced, the Fund is required to repay the lender any dividends it receives, or interest which accrues, during the period of the loan. To borrow the security, the Fund also may be required to pay a premium, which would increase the cost of the security sold. The net proceeds of the short sale will be retained by the broker, to the extent necessary to meet the margin requirements, until the short position is closed out. A Fund also will incur transaction costs in effecting short sales.



A Fund may make short sales “against the box,” *i.e.*, when a security identical to or convertible or exchangeable into one owned by a Fund is borrowed and sold short. Whenever a Fund engages in short sales, it earmarks or segregates liquid securities or cash in an amount that, when combined with the amount of collateral deposited with the broker in connection with the short sale, equals the current market value of the security sold short. The earmarked or segregated assets are marked-to-market daily.

A Fund will incur a loss as a result of a short sale if the price of the security increases between the date of the short sale and the date on which the Fund replaces the borrowed security. A Fund will realize a gain if the price of the security declines in price between those dates. The amount of any gain will be decreased, and the amount of any loss will be increased, by the amount of the premium, dividends or interest a Fund may be required to pay, if any, in connection with a short sale.

## **SECURITIES LENDING**

Each Fund may lend securities to brokers, dealers and financial organizations in exchange for collateral in the amount of at least 102% of the value of U.S. dollar-denominated securities loaned or at least 105% of the value of non-U.S. dollar-denominated securities loaned, marked to market daily. Each loan will be secured continuously by collateral in the form of cash, Money Market Instruments or U.S. Government securities. When a Fund lends its securities, it continues to receive payments equal to the dividends and interest paid on the securities loaned and simultaneously may earn interest on the reinvestment of the cash collateral. Any cash collateral received by the Fund in connection with these loans may be reinvested in a variety of short-term investments. A Fund may incur fees and expenses in connection with the reinvestment of cash collateral. For loans collateralized by cash, borrowers may be entitled to receive a fee based on the amount of collateral. A Fund is typically compensated by the difference between the amount earned on the reinvestment of cash collateral and any fees paid to the borrower. Although voting and other rights attendant to securities on loan pass to the borrower, such loans may be recalled so that the securities may be voted by the Fund if a material event affecting the Fund’s investment in the securities on loan is to occur. Loans are subject to termination by the Fund or the borrower at any time. Not all Funds may participate in securities lending at any given time. No securities loan shall be made on behalf of a Fund if, as a result, the aggregate value of all securities loaned by the particular Fund exceeds one-third of the value of such Fund’s total assets (including the value of the collateral received).

Securities lending involves exposure to certain risks, including “gap” risk (*i.e.*, the risk of a mismatch between the return on cash collateral reinvestments and any fees a Fund has agreed to pay a borrower), operational risk (*i.e.*, the risk of losses resulting from problems in the settlement and the accounting process), legal, counterparty and credit risk. If a securities lending counterparty were to default, a Fund would be subject to the risk of a possible delay in receiving collateral or in recovering the loaned securities, or to a possible loss of rights in the collateral. In the event a borrower does not return a Fund’s securities as agreed, the Fund may experience losses if the proceeds received from liquidating the collateral do not at least equal the value of the loaned security at the time the collateral is liquidated, plus the transaction costs incurred in purchasing replacement securities. This event could trigger adverse tax consequences for a Fund. The investment of cash collateral deposited by the borrower is subject to inherent market risks such as interest rate risk, credit risk, liquidity risk, and other risks that are present in the market. A Fund could lose money if its short-term reinvestment of the collateral declines in value over the period of the loan.

## **WHEN-ISSUED AND DELAYED-DELIVERY SECURITIES**

Each Fund, from time to time, in the ordinary course of business, may purchase securities on a when-issued or delayed-delivery basis (*i.e.*, delivery and payment can take place a number of days after the date of the transaction). These securities are subject to market fluctuations and no interest accrues to the purchaser during this period. At the time a Fund makes the commitment to purchase securities on a when-issued or delayed-delivery basis, the Fund will record the transaction and thereafter reflect the value of the securities, each day, in determining the Fund’s NAV. At the time of delivery of the securities, the value of the securities may be more or less than the purchase price.

## **CYBERSECURITY**

With the increased use of technologies such as the Internet and the dependence on computer systems to perform necessary business functions, each Fund is susceptible to operational and information security risks. In general, cyber incidents can result from deliberate attacks or unintentional events. Cyber attacks include, but are not limited to gaining unauthorized access to digital systems for purposes of misappropriating assets or sensitive information, corrupting data, or causing operational disruption. Cyber attacks may also be carried out in a manner that does not require gaining unauthorized access, such as causing denial-of-service attacks on websites. Cyber security failures or breaches of a Fund's third -party service provider (including, but not limited to, index providers, the administrator and transfer agent) or the issuers of securities in which each Fund invest, have the ability to cause disruptions and impact business operations, potentially resulting in financial losses, the inability of Fund shareholders 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. In addition, substantial costs may be incurred in order to prevent any cyber incidents in the future. A Fund and its shareholders could be negatively impacted as a result. While each Fund has established business continuity plans and systems to prevent such cyber attacks, there are inherent limitations in such plans and systems including the possibility that certain risks have not been identified. Furthermore, a Fund cannot control the cyber security plans and systems put in place by issuers in which a Fund invests.

## **ILLIQUID SECURITIES**

Each Fund may purchase illiquid securities, including securities that are not readily marketable and securities that are not registered ("restricted securities") under the 1933 Act, but which can be sold to qualified institutional buyers under Rule 144A under the 1933 Act. A Fund will not invest more than 15% of the Fund's net assets in illiquid securities. Securities generally will be considered "illiquid" if the Fund reasonably expects the security cannot be sold or disposed of in current market conditions in seven calendar days or less without the sale or disposition significantly changing the market value of the security. Under the current guidelines of the staff of the SEC, illiquid securities also are considered to include, among other securities, purchased OTC options, certain cover for OTC options, repurchase agreements with maturities in excess of seven days, and certain securities whose disposition is restricted under the federal securities laws. The Fund may not be able to sell illiquid securities when ProFund Advisors considers it desirable to do so or may have to sell such securities at a price that is lower than the price that could be obtained if the securities were more liquid. In addition, the sale of illiquid securities also may require more time and may result in higher dealer discounts and other selling expenses than the sale of securities that are not illiquid. Illiquid securities may be more difficult to value due to the unavailability of reliable market quotations for such securities, and investments in illiquid securities may have an adverse impact on NAV.

The SEC has adopted Rule 22e-4 under the 1940 Act, which requires each Fund to adopt a liquidity risk management program to assess and manage its liquidity risk. Under its program, a Fund will be required to classify its investments into specific liquidity categories and monitor compliance with limits on investments in illiquid securities. Each Fund does not expect Rule 22e-4 to have a significant effect on investment operations. While the liquidity risk management program attempts to assess and manage liquidity risk, there is no guarantee it will be effective in its operations and it may not reduce the liquidity risk inherent in a Fund's investments.

Institutional markets for restricted securities have developed as a result of the promulgation of Rule 144A under the 1933 Act, which provides a safe harbor from 1933 Act registration requirements for qualifying sales to institutional investors. When Rule 144A securities present an attractive investment opportunity and otherwise meet selection criteria, a Fund may make such investments. Whether or not such securities are illiquid depends on the market that exists for the particular security. The staff of the SEC has taken the position that the liquidity of Rule 144A restricted securities is a question of fact for a board of trustees to determine, such determination to be based on a consideration of the readily-available trading markets and the review of any contractual restrictions. The SEC staff also has acknowledged that, while a

board of trustees retains ultimate responsibility, trustees may delegate this function to an investment adviser. The Board of Trustees has delegated this responsibility for determining the liquidity of Rule 144A restricted securities that may be invested in by a Fund to ProFund Advisors. It is not possible to predict with assurance exactly how the market for Rule 144A restricted securities or any other security will develop. A security that when purchased enjoyed a fair degree of marketability may subsequently become illiquid and, accordingly, a security that was deemed to be liquid at the time of acquisition may subsequently become illiquid. In such an event, appropriate remedies will be considered in order to minimize the effect on the Fund's liquidity.

## **INDEX FUNDS**

Each Fund seeks performance that corresponds to the performance of an index. There is no guarantee or assurance that the methodology used to create any index will result in a Fund achieving positive returns. Any index may underperform more traditional indices. In turn, the Fund could lose value while other indices or measures of market performance increase in level or performance. In addition, each Fund may be subject to the risk that an index provider may not follow its stated methodology for determining the level of the index and/or achieve the index provider's intended performance objective.

## **MANAGEMENT**

There may be circumstances outside the control of ProFund Advisors, the Trust, the Administrator (as defined below), the transfer agent, the Custodian (as defined below), any sub-custodian, the Distributor (as defined below), and/or a Fund that make it, for all practical purposes, impossible to re-position such Fund and/or to process a purchase or redemption order. Examples of such circumstances include: natural disasters; public service disruptions or utility problems such as those caused by fires, floods, extreme weather conditions, and power outages resulting in telephone, telecopy, and computer failures; market conditions or activities causing trading halts; systems failures involving computer or other information systems affecting the aforementioned parties, as well as the DTC, the NSCC, or any other participant in the purchase process; and similar extraordinary events. Accordingly, while ProFund Advisors has implemented and tested a business continuity plan that transfers functions of any disrupted facility to another location and has effected a disaster recovery plan, circumstances, such as those above, may prevent a Fund from being operated in a manner consistent with its investment objective and/or principal investment strategies.

## **NON-DIVERSIFIED STATUS**

Each Fund, except for the Diversified Funds, is a "non-diversified" series of the Trust. A Fund's classification as a "non-diversified" investment company means that the proportion of the Fund's assets that may be invested in the securities of a single issuer is not limited by the 1940 Act. Notwithstanding each Fund's status as a "non-diversified" investment company under the 1940 Act, each Fund intends to qualify as a RIC accorded special tax treatment under the Code, which imposes its own diversification requirements that are less restrictive than the requirements applicable to the "diversified" investment companies under the 1940 Act. A Fund's ability to pursue its investment strategy may be limited by that Fund's intention to qualify as a RIC and its strategy may bear adversely on its ability to so qualify. For more details, see "Taxation" below. With respect to a "non-diversified" Fund, a relatively high percentage of such a Fund's assets may be invested in the securities of a limited number of issuers, primarily within the same economic sector. That Fund's portfolio securities, therefore, may be more susceptible to any single economic, political, or regulatory occurrence than the portfolio securities of a more diversified investment company.

ProFund VP Large-Cap Growth may operate as "non-diversified," as defined under the 1940 Act, to the extent necessary to approximate the composition of its index.

## **MARKET DISRUPTION AND GEOPOLITICAL RISK**

War, terrorism, economic uncertainty, and related geopolitical events, such as sanctions, tariffs, the imposition of exchange controls or other cross-border trade barriers, have led, and in the future may lead, to increased short-term market volatility and may have adverse long-term effects on U.S. and world economies

and markets generally. For example, the U.S. has imposed economic sanctions, which consist of asset freezes, restrictions on dealings in debt and equity, and certain industry-specific restrictions. These sanctions, any additional sanctions or intergovernmental actions, or even the threat of further sanctions, may result in a decline of the value and liquidity of securities in affected countries, a weakening of the affected countries' currencies or other adverse consequences to their respective economies. Sanctions impair the ability of a Fund to buy, sell, receive or deliver those securities and/or assets that are within the scope of the sanctions.

### **PORTFOLIO QUALITY AND MATURITY**

The ProFund VP Government Money Market will maintain a dollar-weighted average maturity of 60 days or less and a dollar-weighted average life of 120 days or less. All securities in which the ProFund VP Government Money Market invests will have or be deemed to have remaining maturities of 397 days or less on the date of their purchase, will be denominated in U.S. dollars and will be believed by the Advisor, acting under the supervision of and procedures adopted by the Board of Trustees, to be of high quality. The Advisor, under the supervision of and procedures adopted by the Board of Trustees, will also determine that all securities purchased by ProFund VP Government Money Market present minimal credit risks.

### **PORTFOLIO TURNOVER**

Each Fund's portfolio turnover rate, to a great extent, will depend on the purchase, redemption and exchange activity of the Fund's investors. A Fund's portfolio turnover may vary from year to year, as well as within a year. The nature of a Fund may cause a Fund to experience substantial differences in brokerage commissions from year to year. The overall reasonableness of brokerage commissions is evaluated by ProFund Advisors based upon its knowledge of available information as to the general level of commissions paid by other institutional investors for comparable services. High portfolio turnover and correspondingly greater brokerage commissions depend, to a great extent, on the purchase, redemption, and exchange activity of a Fund's investors, as well as each Fund's investment objective and strategies. Consequently, it is difficult to estimate what each Fund's actual portfolio turnover rate will be in the future. However, it is expected that the portfolio turnover experienced by a Fund from year to year, as well as within a year, may be substantial. A higher portfolio turnover rate would likely involve correspondingly greater brokerage commissions and transaction and other expenses that would be borne by a Fund. The nature of a Fund may cause a Fund to experience substantial differences in brokerage commissions from year to year. The overall reasonableness of brokerage commissions is evaluated by ProFund Advisors based upon its knowledge of available information as to the general level of commissions paid by other institutional investors for comparable services. In addition, a Fund's portfolio turnover level may adversely affect the ability of the Fund to achieve its investment objective. "Portfolio Turnover Rate" is defined under the rules of the SEC as the value of the securities purchased or securities sold, excluding all securities whose maturities at time of acquisition were one year or less, divided by the average monthly value of such securities owned during the year. Based on this definition, instruments with remaining maturities of less than one year, including swap agreements, options and futures contracts in which a Fund invests, are excluded from the calculation of Portfolio Turnover Rate for each Fund. For those Funds that commenced operations prior to December 31, 2020, each such Fund's turnover rate information is set forth in the annual report to shareholders. Portfolio turnover rates are also shown in each Fund's summary prospectus.

For the fiscal year ended December 31, 2019, the increase in portfolio turnover rate for ProFund VP Consumer Services, ProFund VP MidCap Value, ProFund VP Semiconductor, and ProFund VP Utilities was the result of significant purchases and redemptions activity during the year.

For the fiscal year ended December 31, 2020, the increase in portfolio turnover rate for ProFund VP Basic Materials, ProFund VP Financials, ProFund VP Oil & Gas, and ProFund VP Technology was the result of significant purchases and redemptions activity and index reconstitutions during the year.

## SPECIAL CONSIDERATIONS

To the extent discussed herein and in the Prospectus, each Fund present certain risks, some of which are further described below.

### **TRACKING AND CORRELATION (not applicable to the ProFund VP Government Money Market)**

Several factors may affect a Fund's ability to achieve a high degree of correlation with its benchmark. Among these factors are: (i) a Fund's fees and expenses, including brokerage (which may be increased by high portfolio turnover) and the costs associated with the use of derivatives; (ii) less than all of the securities underlying a Fund's benchmark being held by the Fund and/or securities not included in its benchmark being held by a Fund; (iii) an imperfect correlation between the performance of instruments held by a Fund, such as futures contracts, and the performance of the underlying securities in a benchmark; (iv) bid-ask spreads (the effect of which may be increased by portfolio turnover); (v) holding instruments traded in a market that has become illiquid or disrupted; (vi) a Fund's share prices being rounded to the nearest cent; (vii) changes to the benchmark that are not disseminated in advance; (viii) the need to conform a Fund's portfolio holdings to comply with investment restrictions or policies or regulatory or tax law requirements; (ix) limit-up or limit-down trading halts on options or futures contracts which may prevent a Fund from purchasing or selling options or futures contracts; (x) early and unanticipated closings of the markets on which the holdings of a Fund trade, resulting in the inability of the Fund to execute intended portfolio transactions; and (xi) fluctuations in currency exchange rates.

Also, because each Fund engages in daily rebalancing to position its portfolio so that its exposure to its index is consistent with the Fund's daily investment objective, disparities between estimated and actual purchases and redemptions of the Fund may cause the Fund to be under- or overexposed to its benchmark. This may result in greater tracking and correlation error.

Furthermore, each of the Ultra, Inverse and Non-Equity ProFunds VP, except ProFund VP Falling U.S. Dollar, has an investment objective to seek daily investment results, before fees and expenses, that correspond to the performance of a multiple (1.25x or 2x), the inverse (-1x) or inverse multiple (-1.25x, -2x) of the daily performance of an index for a single day, not for any other period. A "single day" is measured from the time the Fund calculates its NAV to the time of the Fund's next NAV calculation. These Funds are subject to the correlation risks described above. In addition, while a close correlation of a Fund to its benchmark may be achieved on any single day, the Fund's performance for any other period is the result of its return for each day compounded over the period. This usually will differ in amount and possibly even direction from the multiple (1.25x or 2x), the inverse (-1x) or inverse multiple (-1.25x, -2x) of the daily return of the Fund's index for the same period, before accounting for fees and expenses, as further described in the Prospectus and below.

### **LEVERAGE (not applicable to Classic ProFunds VP, Sector ProFunds VP, Pro Fund VP Bear, ProFund VP Short Mid-Cap, ProFund VP Short Small-Cap, ProFund VP Short Dow 30, ProFund VP Short Nasdaq-100, ProFund VP Short International, ProFund VP Short Emerging Markets and ProFund VP Government Money Market)**

Certain Geared Funds intend to use, on a regular basis, leveraged investment techniques in pursuing its investment objective. Leverage exists when a Fund achieves the right to a return on a capital base that exceeds the Fund's assets. Utilization of leverage involves special risks and should be considered to be speculative. Specifically, leverage creates the potential for greater gains to Fund shareholders during favorable market conditions and the risk of magnified losses during adverse market conditions. Leverage is likely to cause higher volatility of the NAVs of a Fund's Shares. Leverage may also involve the creation of a liability that does not entail any interest costs or the creation of a liability that requires the Fund to pay interest which would decrease the Fund's total return to shareholders. If Geared Funds achieve their investment objectives, during adverse market conditions, shareholders should experience a loss greater than they would have incurred had the Fund not been leveraged.

**SPECIAL NOTE REGARDING THE CORRELATION RISKS OF GEARED FUNDS (not applicable to Classic ProFund VP, Sector ProFunds VP, ProFund VP Falling U.S. Dollar, and ProFund VP Government Money Market)**

As a result of compounding, for periods greater than one day, the use of leverage tends to cause the performance of a Fund to vary from its benchmark performance times the stated multiple or inverse multiple in the Fund's investment objective, before accounting for fees and expenses. Compounding affects all investments, but has a more significant impact on the Geared Funds. Four factors significantly affect how close daily compounded returns are to longer-term benchmark returns times the fund's multiple: the length of the holding period, benchmark volatility, whether the multiple is positive or inverse, and its leverage level. Longer holding periods, higher benchmark volatility, inverse exposure and greater leverage each can lead to returns that differ in amount, and possibly even direction, from a Geared Fund's stated multiple times its benchmark return. As the tables below show, particularly during periods of higher benchmark volatility, compounding will cause longer term results to vary from the benchmark performance times the stated multiple in the Fund's investment objective. This effect becomes more pronounced as volatility increases.

A Geared Fund's return for periods longer than one day is primarily a function of the following:

- a) benchmark performance;
- b) benchmark volatility;
- c) period of time;
- d) financing rates associated with leverage or inverse exposure;
- e) other Fund expenses;
- f) dividends or interest paid with respect to securities included in the benchmark; and
- g) daily rebalancing of the underlying portfolio.

The fund performance for a Geared Fund can be estimated given any set of assumptions for the factors described above. The tables on the next five pages illustrate the impact of two factors, benchmark volatility and benchmark performance, on a Geared Fund. Benchmark volatility is a statistical measure of the magnitude of fluctuations in the returns of a benchmark and is calculated as the standard deviation of the natural logarithm of one plus the benchmark return (calculated daily), multiplied by the square root of the number of trading days per year (assumed to be 252). The tables show estimated Fund returns for a number of combinations of benchmark performance and benchmark volatility over a one-year period. Assumptions used in the tables include: (a) no dividends paid with respect to securities included in the underlying benchmark; (b) no Fund expenses; and (c) borrowing/lending rates (to obtain leverage or inverse exposure) of zero percent. If Fund expenses and/or actual borrowing/lending rates were reflected, the Fund's performance would be different than shown.



The table below shows a performance example of a Fund that has an investment objective to correspond to the inverse (-1x) of the daily performance of an index. In the chart below, areas shaded lighter represent those scenarios where a Fund will return the same or outperform (*i.e.*, return more than) the index performance; conversely, areas shaded darker represent those scenarios where a Fund will underperform (*i.e.*, return less than) the index performance.

**Estimated Fund Return Over One Year When the Fund’s Investment Objective is to Seek Daily Investment Results, Before Fees and Expenses, that Correspond to the Inverse (-1x) of the Daily Performance of an Index.**

| One Year Index Performance | Inverse (-1x) of One Year Index Performance |                            | Index Volatility |        |        |        |        |        |        |        |        |        |        |        |     |
|----------------------------|---|----------------------------|------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|-----|
|                            | One Year Index Performance                  | One Year Index Performance | 0%               | 5%     | 10%    | 15%    | 20%    | 25%    | 30%    | 35%    | 40%    | 45%    | 50%    | 55%    | 60% |
| -60%                       | 60%   | 150.0%                     | 149.4%           | 147.5% | 144.4% | 140.2% | 134.9% | 128.5% | 121.2% | 113.0% | 104.2% | 94.7%  | 84.7%  | 74.4%  |     |
| -55%                       | 55%   | 122.2%                     | 121.7%           | 120.0% | 117.3% | 113.5% | 108.8% | 103.1% | 96.6%  | 89.4%  | 81.5%  | 73.1%  | 64.2%  | 55.0%  |     |
| -50%                       | 50%   | 100.0%                     | 99.5%            | 98.0%  | 95.6%  | 92.2%  | 87.9%  | 82.8%  | 76.9%  | 70.4%  | 63.3%  | 55.8%  | 47.8%  | 39.5%  |     |
| -45%                       | 45%   | 81.8%                      | 81.4%            | 80.0%  | 77.8%  | 74.7%  | 70.8%  | 66.2%  | 60.9%  | 54.9%  | 48.5%  | 41.6%  | 34.4%  | 26.9%  |     |
| -40%                       | 40%   | 66.7%                      | 66.3%            | 65.0%  | 63.0%  | 60.1%  | 56.6%  | 52.3%  | 47.5%  | 42.0%  | 36.1%  | 29.8%  | 23.2%  | 16.3%  |     |
| -35%                       | 35%   | 53.8%                      | 53.5%            | 52.3%  | 50.4%  | 47.8%  | 44.5%  | 40.6%  | 36.1%  | 31.1%  | 25.6%  | 19.8%  | 13.7%  | 7.3%   |     |
| -30%                       | 30%   | 42.9%                      | 42.5%            | 41.4%  | 39.7%  | 37.3%  | 34.2%  | 30.6%  | 26.4%  | 21.7%  | 16.7%  | 11.3%  | 5.6%   | -0.3%  |     |
| -25%                       | 25%   | 33.3%                      | 33.0%            | 32.0%  | 30.4%  | 28.1%  | 25.3%  | 21.9%  | 18.0%  | 13.6%  | 8.9%   | 3.8%   | -1.5%  | -7.0%  |     |
| -20%                       | 20%   | 25.0%                      | 24.7%            | 23.8%  | 22.2%  | 20.1%  | 17.4%  | 14.2%  | 10.6%  | 6.5%   | 2.1%   | -2.6%  | -7.6%  | -12.8% |     |
| -15%                       | 15%   | 17.6%                      | 17.4%            | 16.5%  | 15.0%  | 13.0%  | 10.5%  | 7.5%   | 4.1%   | 0.3%   | -3.9%  | -8.4%  | -13.1% | -17.9% |     |
| -10%                       | 10%   | 11.1%                      | 10.8%            | 10.0%  | 8.6%   | 6.8%   | 4.4%   | 1.5%   | -1.7%  | -5.3%  | -9.3%  | -13.5% | -17.9% | -22.5% |     |
| -5%                        | 5%  | 5.3%                       | 5.0%             | 4.2%   | 2.9%   | 1.1%   | -1.1%  | -3.8%  | -6.9%  | -10.3% | -14.0% | -18.0% | -22.2% | -26.6% |     |
| 0%                         | 0%  | 0.0%                       | -0.2%            | -1.0%  | -2.2%  | -3.9%  | -6.1%  | -8.6%  | -11.5% | -14.8% | -18.3% | -22.1% | -26.1% | -30.2% |     |
| 5%                         | -5%   | -4.8%                      | -5.0%            | -5.7%  | -6.9%  | -8.5%  | -10.5% | -13.0% | -15.7% | -18.8% | -22.2% | -25.8% | -29.6% | -33.6% |     |
| 10%                        | -10%  | -9.1%                      | -9.3%            | -10.0% | -11.1% | -12.7% | -14.6% | -16.9% | -19.6% | -22.5% | -25.8% | -29.2% | -32.8% | -36.6% |     |
| 15%                        | -15%  | -13.0%                     | -13.3%           | -13.9% | -15.0% | -16.5% | -18.3% | -20.5% | -23.1% | -25.9% | -29.0% | -32.3% | -35.7% | -39.3% |     |
| 20%                        | -20%  | -16.7%                     | -16.9%           | -17.5% | -18.5% | -19.9% | -21.7% | -23.8% | -26.3% | -29.0% | -31.9% | -35.1% | -38.4% | -41.9% |     |
| 25%                        | -25%  | -20.0%                     | -20.2%           | -20.8% | -21.8% | -23.1% | -24.8% | -26.9% | -29.2% | -31.8% | -34.7% | -37.7% | -40.9% | -44.2% |     |
| 30%                        | -30%  | -23.1%                     | -23.3%           | -23.8% | -24.8% | -26.1% | -27.7% | -29.7% | -31.9% | -34.5% | -37.2% | -40.1% | -43.2% | -46.3% |     |
| 35%                        | -35%  | -25.9%                     | -26.1%           | -26.7% | -27.6% | -28.8% | -30.4% | -32.3% | -34.5% | -36.9% | -39.5% | -42.3% | -45.3% | -48.3% |     |
| 40%                        | -40%  | -28.6%                     | -28.7%           | -29.3% | -30.2% | -31.4% | -32.9% | -34.7% | -36.8% | -39.1% | -41.7% | -44.4% | -47.2% | -50.2% |     |
| 45%                        | -45%  | -31.0%                     | -31.2%           | -31.7% | -32.6% | -33.7% | -35.2% | -37.0% | -39.0% | -41.2% | -43.7% | -46.3% | -49.0% | -51.9% |     |
| 50%                        | -50%  | -33.3%                     | -33.5%           | -34.0% | -34.8% | -35.9% | -37.4% | -39.1% | -41.0% | -43.2% | -45.6% | -48.1% | -50.7% | -53.5% |     |
| 55%                        | -55%  | -35.5%                     | -35.6%           | -36.1% | -36.9% | -38.0% | -39.4% | -41.0% | -42.9% | -45.0% | -47.3% | -49.8% | -52.3% | -55.0% |     |
| 60%                        | -60%  | -37.5%                     | -37.7%           | -38.1% | -38.9% | -40.0% | -41.3% | -42.9% | -44.7% | -46.7% | -49.0% | -51.3% | -53.8% | -56.4% |     |

The tables below shows performance examples of a Fund that has investment objective to correspond to one and one-quarter times (1.25x) and one and one-quarter times the inverse (-1.25x) of, respectively, the daily performance of an index. In the charts below, areas shaded lighter represent those scenarios where a Fund will return the same or outperform (*i.e.*, return more than) the index performance times the stated multiple in the Fund’s investment objective; conversely areas shaded darker represent those scenarios where the Fund will underperform (*i.e.*, return less than) the index performance times the stated multiple in the Fund’s investment objective.

**Estimated Fund Return Over One Year When the Fund’s Investment Objective is to Seek Daily Investment Results, Before Fees and Expenses, that Correspond to One and One-Quarter Times (1.25x) the Daily Performance of an Index.**

| One Year Benchmark Performance | One and One-Quarter (1.25x) One Year Benchmark Performance | Benchmark Volatility |        |        |        |        |        |        |        |        |        |        |        |        |
|--------------------------------|--|----------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
|                                |  | 0%                   | 5%     | 10%    | 15%    | 20%    | 25%    | 30%    | 35%    | 40%    | 45%    | 50%    | 55%    | 60%    |
| -60%                           | -75.00%  | -68.2%               | -68.2% | -68.2% | -68.3% | -68.4% | -68.5% | -68.6% | -68.8% | -69.0% | -69.2% | -69.4% | -69.7% | -69.9% |
| -55%                           | -68.75%  | -63.1%               | -63.2% | -63.2% | -63.3% | -63.4% | -63.5% | -63.7% | -63.8% | -64.1% | -64.3% | -64.6% | -64.8% | -65.2% |
| -50%                           | -62.50%  | -58.0%               | -58.0% | -58.0% | -58.1% | -58.2% | -58.4% | -58.5% | -58.8% | -59.0% | -59.3% | -59.6% | -59.9% | -60.3% |
| -45%                           | -56.25%  | -52.6%               | -52.7% | -52.7% | -52.8% | -52.9% | -53.1% | -53.3% | -53.5% | -53.8% | -54.1% | -54.4% | -54.8% | -55.2% |
| -40%                           | -50.00%  | -47.2%               | -47.2% | -47.3% | -47.4% | -47.5% | -47.7% | -47.9% | -48.2% | -48.5% | -48.8% | -49.2% | -49.6% | -50.1% |
| -35%                           | -43.75%  | -41.6%               | -41.7% | -41.7% | -41.8% | -42.0% | -42.2% | -42.5% | -42.7% | -43.1% | -43.5% | -43.9% | -44.3% | -44.8% |
| -30%                           | -37.50%  | -36.0%               | -36.0% | -36.1% | -36.2% | -36.4% | -36.6% | -36.9% | -37.2% | -37.6% | -38.0% | -38.4% | -38.9% | -39.5% |
| -25%                           | -31.25%  | -30.2%               | -30.2% | -30.3% | -30.4% | -30.6% | -30.9% | -31.2% | -31.5% | -31.9% | -32.4% | -32.9% | -33.4% | -34.0% |
| -20%                           | -25.00%  | -24.3%               | -24.4% | -24.5% | -24.6% | -24.8% | -25.1% | -25.4% | -25.8% | -26.2% | -26.7% | -27.2% | -27.8% | -28.5% |
| -15%                           | -18.75%  | -18.4%               | -18.4% | -18.5% | -18.7% | -18.9% | -19.2% | -19.5% | -19.9% | -20.4% | -20.9% | -21.5% | -22.2% | -22.8% |
| -10%                           | -12.50%  | -12.3%               | -12.4% | -12.5% | -12.6% | -12.9% | -13.2% | -13.6% | -14.0% | -14.5% | -15.1% | -15.7% | -16.4% | -17.1% |
| -5%                            | -6.25%   | -6.2%                | -6.2%  | -6.4%  | -6.5%  | -6.8%  | -7.1%  | -7.5%  | -8.0%  | -8.5%  | -9.1%  | -9.8%  | -10.5% | -11.3% |
| 0%                             | 0.00%  | 0.0%                 | 0.0%   | -0.2%  | -0.4%  | -0.6%  | -1.0%  | -1.4%  | -1.9%  | -2.5%  | -3.1%  | -3.8%  | -4.6%  | -5.5%  |
| 5%                             | 6.25%  | 6.3%                 | 6.2%   | 6.1%   | 5.9%   | 5.6%   | 5.3%   | 4.8%   | 4.3%   | 3.7%   | 3.0%   | 2.2%   | 1.4%   | 0.5%   |
| 10%                            | 12.50%   | 12.7%                | 12.6%  | 12.5%  | 12.3%  | 12.0%  | 11.6%  | 11.1%  | 10.5%  | 9.9%   | 9.1%   | 8.3%   | 7.5%   | 6.5%   |
| 15%                            | 18.75%   | 19.1%                | 19.0%  | 18.9%  | 18.7%  | 18.3%  | 17.9%  | 17.4%  | 16.8%  | 16.1%  | 15.4%  | 14.5%  | 13.6%  | 12.6%  |
| 20%                            | 25.00%   | 25.6%                | 25.5%  | 25.4%  | 25.2%  | 24.8%  | 24.4%  | 23.8%  | 23.2%  | 22.5%  | 21.7%  | 20.8%  | 19.8%  | 18.7%  |
| 25%                            | 31.25%   | 32.2%                | 32.1%  | 32.0%  | 31.7%  | 31.3%  | 30.9%  | 30.3%  | 29.7%  | 28.9%  | 28.1%  | 27.1%  | 26.1%  | 24.9%  |
| 30%                            | 37.50%   | 38.8%                | 38.8%  | 38.6%  | 38.3%  | 37.9%  | 37.5%  | 36.9%  | 36.2%  | 35.4%  | 34.5%  | 33.5%  | 32.4%  | 31.2%  |
| 35%                            | 43.75%   | 45.5%                | 45.5%  | 45.3%  | 45.0%  | 44.6%  | 44.1%  | 43.5%  | 42.8%  | 41.9%  | 41.0%  | 39.9%  | 38.8%  | 37.6%  |
| 40%                            | 50.00%   | 52.3%                | 52.2%  | 52.0%  | 51.8%  | 51.3%  | 50.8%  | 50.2%  | 49.4%  | 48.5%  | 47.5%  | 46.5%  | 45.3%  | 44.0%  |
| 45%                            | 56.25%   | 59.1%                | 59.1%  | 58.9%  | 58.6%  | 58.1%  | 57.6%  | 56.9%  | 56.1%  | 55.2%  | 54.2%  | 53.0%  | 51.8%  | 50.4%  |
| 50%                            | 62.50%   | 66.0%                | 65.9%  | 65.7%  | 65.4%  | 65.0%  | 64.4%  | 63.7%  | 62.9%  | 61.9%  | 60.8%  | 59.6%  | 58.3%  | 56.9%  |
| 55%                            | 68.75%   | 72.9%                | 72.9%  | 72.7%  | 72.3%  | 71.9%  | 71.3%  | 70.5%  | 69.7%  | 68.7%  | 67.6%  | 66.3%  | 65.0%  | 63.5%  |
| 60%                            | 75.00%   | 79.9%                | 79.9%  | 79.7%  | 79.3%  | 78.8%  | 78.2%  | 77.4%  | 76.5%  | 75.5%  | 74.3%  | 73.1%  | 71.6%  | 70.1%  |



**Estimated Fund Return Over One Year When the Fund's Investment Objective is to Seek Daily Investment Results, Before Fees and Expenses, that Correspond to the One and One-Quarter Times the Inverse (-1.25x) of the Daily Performance of an Index.**

| One Year Benchmark | One and One-Quarter the Inverse (-1.25x) One Year Benchmark Performance | Benchmark Volatility |        |        |        |        |        |        |        |        |        |        |        |        |
|--------------------|---|----------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
|                    |   | 0%                   | 5%     | 10%    | 15%    | 20%    | 25%    | 30%    | 35%    | 40%    | 45%    | 50%    | 55%    | 60%    |
| -60%               | 75.00%  | 214.4%               | 213.3% | 210.0% | 204.6% | 197.2% | 187.9% | 177.0% | 164.6% | 151.0% | 136.5% | 121.2% | 105.4% | 89.5%  |
| -55%               | 68.75%  | 171.3%               | 170.4% | 167.5% | 162.9% | 156.5% | 148.5% | 139.1% | 128.4% | 116.7% | 104.1% | 90.9%  | 77.3%  | 63.5%  |
| -50%               | 62.50%  | 137.8%               | 137.0% | 134.5% | 130.4% | 124.8% | 117.8% | 109.6% | 100.2% | 89.9%  | 78.9%  | 67.3%  | 55.4%  | 43.4%  |
| -45%               | 56.25%  | 111.1%               | 110.4% | 108.2% | 104.6% | 99.6%  | 93.4%  | 86.0%  | 77.7%  | 68.6%  | 58.8%  | 48.5%  | 38.0%  | 27.3%  |
| -40%               | 50.00%  | 89.4%                | 88.7%  | 86.7%  | 83.5%  | 79.0%  | 73.4%  | 66.9%  | 59.4%  | 51.2%  | 42.4%  | 33.2%  | 23.8%  | 14.1%  |
| -35%               | 43.75%  | 71.3%                | 70.7%  | 68.9%  | 66.0%  | 62.0%  | 56.9%  | 51.0%  | 44.2%  | 36.8%  | 28.9%  | 20.6%  | 12.0%  | 3.3%   |
| -30%               | 37.50%  | 56.2%                | 55.6%  | 54.0%  | 51.3%  | 47.6%  | 43.0%  | 37.6%  | 31.5%  | 24.7%  | 17.5%  | 9.9%   | 2.1%   | -5.9%  |
| -25%               | 31.25%  | 43.3%                | 42.8%  | 41.3%  | 38.8%  | 35.4%  | 31.2%  | 26.2%  | 20.6%  | 14.4%  | 7.8%   | 0.8%   | -6.4%  | -13.6% |
| -20%               | 25.00%  | 32.2%                | 31.7%  | 30.3%  | 28.1%  | 24.9%  | 21.1%  | 16.5%  | 11.3%  | 5.5%   | -0.6%  | -7.0%  | -13.6% | -20.3% |
| -15%               | 18.75%  | 22.5%                | 22.1%  | 20.8%  | 18.7%  | 15.8%  | 12.2%  | 8.0%   | 3.1%   | -2.2%  | -7.8%  | -13.8% | -19.9% | -26.1% |
| -10%               | 12.50%  | 14.1%                | 13.7%  | 12.5%  | 10.5%  | 7.8%   | 4.5%   | 0.5%   | -4.0%  | -8.9%  | -14.2% | -19.7% | -25.4% | -31.2% |
| -5%                | 6.25%   | 6.6%                 | 6.2%   | 5.1%   | 3.3%   | 0.8%   | -2.3%  | -6.1%  | -10.3% | -14.9% | -19.8% | -25.0% | -30.3% | -35.7% |
| 0%                 | 0.00%   | 0.0%                 | -0.4%  | -1.4%  | -3.1%  | -5.5%  | -8.4%  | -11.9% | -15.8% | -20.1% | -24.8% | -29.6% | -34.6% | -39.7% |
| 5%                 | -6.25%  | -5.9%                | -6.2%  | -7.2%  | -8.8%  | -11.1% | -13.8% | -17.1% | -20.8% | -24.9% | -29.2% | -33.8% | -38.5% | -43.3% |
| 10%                | -12.50%   | -11.2%               | -11.5% | -12.5% | -14.0% | -16.1% | -18.7% | -21.8% | -25.3% | -29.1% | -33.2% | -37.5% | -42.0% | -46.5% |
| 15%                | -18.75%   | -16.0%               | -16.3% | -17.2% | -18.6% | -20.6% | -23.1% | -26.0% | -29.3% | -32.9% | -36.8% | -40.9% | -45.1% | -49.4% |
| 20%                | -25.00%   | -20.4%               | -20.7% | -21.5% | -22.9% | -24.7% | -27.1% | -29.8% | -33.0% | -36.4% | -40.1% | -44.0% | -48.0% | -52.0% |
| 25%                | -31.25%   | -24.3%               | -24.6% | -25.4% | -26.7% | -28.5% | -30.7% | -33.3% | -36.3% | -39.6% | -43.1% | -46.8% | -50.6% | -54.4% |
| 30%                | -37.50%   | -28.0%               | -28.2% | -29.0% | -30.2% | -31.9% | -34.0% | -36.5% | -39.4% | -42.5% | -45.8% | -49.3% | -52.9% | -56.6% |
| 35%                | -43.75%   | -31.3%               | -31.5% | -32.2% | -33.4% | -35.0% | -37.1% | -39.4% | -42.2% | -45.1% | -48.3% | -51.6% | -55.1% | -58.6% |
| 40%                | -50.00%   | -34.3%               | -34.6% | -35.3% | -36.4% | -37.9% | -39.9% | -42.1% | -44.7% | -47.6% | -50.6% | -53.8% | -57.1% | -60.4% |
| 45%                | -56.25%   | -37.2%               | -37.4% | -38.0% | -39.1% | -40.6% | -42.4% | -44.6% | -47.1% | -49.8% | -52.7% | -55.8% | -58.9% | -62.1% |
| 50%                | -62.50%   | -39.8%               | -40.0% | -40.6% | -41.6% | -43.1% | -44.8% | -46.9% | -49.3% | -51.9% | -54.7% | -57.6% | -60.6% | -63.7% |
| 55%                | -68.75%   | -42.2%               | -42.4% | -43.0% | -44.0% | -45.3% | -47.0% | -49.1% | -51.3% | -53.8% | -56.5% | -59.3% | -62.2% | -65.1% |
| 60%                | -75.00%   | -44.4%               | -44.6% | -45.2% | -46.2% | -47.5% | -49.1% | -51.0% | -53.2% | -55.6% | -58.2% | -60.9% | -63.7% | -66.5% |

The table below shows a performance example of a Fund that has an investment objective to correspond to one and one-half times (1.5x) the daily performance of an index. In the chart below, areas shaded lighter represent those scenarios where a Fund will return the same or outperform (*i.e.*, return more than) the index performance; conversely, areas shaded darker represent those scenarios where a Fund will underperform (*i.e.*, return less than) the index performance.

**Estimated Fund Return Over One Year When the Fund’s Investment Objective is to Seek Daily Investment Results, Before Fees and Expenses, that Correspond to One and One-Half Times (1.5x) the Daily Performance of an Index.**

| One Year Benchmark Performance | One and One-Half (1.5x) One Year Benchmark Performance | Benchmark Volatility |        |        |        |        |        |        |        |        |        |        |        |        |  |
|--------------------------------|--|----------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--|
|                                |  | 0%                   | 5%     | 10%    | 15%    | 20%    | 25%    | 30%    | 35%    | 40%    | 45%    | 50%    | 55%    | 60%    |  |
| -60%                           | -90.0%   | -74.7%               | -74.7% | -74.8% | -74.9% | -75.1% | -75.3% | -75.5% | -75.8% | -76.2% | -76.6% | -77.0% | -77.4% | -77.9% |  |
| -55%                           | -82.5%   | -69.8%               | -69.8% | -69.9% | -70.1% | -70.3% | -70.5% | -70.8% | -71.2% | -71.6% | -72.0% | -72.5% | -73.1% | -73.6% |  |
| -50%                           | -75.0%   | -64.6%               | -64.7% | -64.8% | -64.9% | -65.2% | -65.5% | -65.8% | -66.2% | -66.7% | -67.2% | -67.8% | -68.4% | -69.1% |  |
| -45%                           | -67.5%   | -59.2%               | -59.2% | -59.4% | -59.6% | -59.8% | -60.2% | -60.6% | -61.0% | -61.6% | -62.2% | -62.9% | -63.6% | -64.4% |  |
| -40%                           | -60.0%   | -53.5%               | -53.6% | -53.7% | -53.9% | -54.2% | -54.6% | -55.1% | -55.6% | -56.2% | -56.9% | -57.7% | -58.5% | -59.4% |  |
| -35%                           | -52.5%   | -47.6%               | -47.6% | -47.8% | -48.0% | -48.4% | -48.8% | -49.3% | -49.9% | -50.6% | -51.4% | -52.3% | -53.2% | -54.2% |  |
| -30%                           | -45.0%   | -41.4%               | -41.5% | -41.7% | -41.9% | -42.3% | -42.8% | -43.4% | -44.1% | -44.8% | -45.7% | -46.7% | -47.7% | -48.8% |  |
| -25%                           | -37.5%   | -35.0%               | -35.1% | -35.3% | -35.6% | -36.0% | -36.6% | -37.2% | -38.0% | -38.8% | -39.8% | -40.9% | -42.0% | -43.3% |  |
| -20%                           | -30.0%   | -28.4%               | -28.5% | -28.7% | -29.0% | -29.5% | -30.1% | -30.8% | -31.7% | -32.6% | -33.7% | -34.8% | -36.1% | -37.5% |  |
| -15%                           | -22.5%   | -21.6%               | -21.7% | -21.9% | -22.3% | -22.8% | -23.4% | -24.2% | -25.2% | -26.2% | -27.4% | -28.6% | -30.0% | -31.5% |  |
| -10%                           | -15.0%   | -14.6%               | -14.7% | -14.9% | -15.3% | -15.9% | -16.6% | -17.5% | -18.5% | -19.6% | -20.9% | -22.3% | -23.8% | -25.4% |  |
| -5%                            | -7.5%  | -7.4%                | -7.5%  | -7.8%  | -8.2%  | -8.8%  | -9.6%  | -10.5% | -11.6% | -12.8% | -14.2% | -15.7% | -17.3% | -19.1% |  |
| 0%                             | 0.0%   | 0.0%                 | -0.1%  | -0.4%  | -0.8%  | -1.5%  | -2.3%  | -3.3%  | -4.5%  | -5.8%  | -7.3%  | -8.9%  | -10.7% | -12.6% |  |
| 5%                             | 7.5%   | 7.6%                 | 7.5%   | 7.2%   | 6.7%   | 6.0%   | 5.1%   | 4.0%   | 2.8%   | 1.3%   | -0.3%  | -2.0%  | -3.9%  | -6.0%  |  |
| 10%                            | 15.0%  | 15.4%                | 15.3%  | 14.9%  | 14.4%  | 13.7%  | 12.7%  | 11.5%  | 10.2%  | 8.7%   | 6.9%   | 5.0%   | 3.0%   | 0.8%   |  |
| 15%                            | 22.5%  | 23.3%                | 23.2%  | 22.9%  | 22.3%  | 21.5%  | 20.5%  | 19.2%  | 17.8%  | 16.1%  | 14.3%  | 12.3%  | 10.1%  | 7.7%   |  |
| 20%                            | 30.0%  | 31.5%                | 31.3%  | 31.0%  | 30.3%  | 29.5%  | 28.4%  | 27.1%  | 25.6%  | 23.8%  | 21.8%  | 19.7%  | 17.4%  | 14.9%  |  |
| 25%                            | 37.5%  | 39.8%                | 39.6%  | 39.2%  | 38.6%  | 37.7%  | 36.5%  | 35.1%  | 33.5%  | 31.6%  | 29.5%  | 27.2%  | 24.8%  | 22.1%  |  |
| 30%                            | 45.0%  | 48.2%                | 48.1%  | 47.7%  | 47.0%  | 46.0%  | 44.8%  | 43.3%  | 41.6%  | 39.6%  | 37.4%  | 35.0%  | 32.3%  | 29.5%  |  |
| 35%                            | 52.5%  | 56.9%                | 56.7%  | 56.3%  | 55.5%  | 54.5%  | 53.2%  | 51.7%  | 49.8%  | 47.7%  | 45.4%  | 42.8%  | 40.0%  | 37.0%  |  |
| 40%                            | 60.0%  | 65.7%                | 65.5%  | 65.0%  | 64.3%  | 63.2%  | 61.8%  | 60.2%  | 58.2%  | 56.0%  | 53.5%  | 50.8%  | 47.9%  | 44.7%  |  |
| 45%                            | 67.5%  | 74.6%                | 74.4%  | 73.9%  | 73.1%  | 72.0%  | 70.6%  | 68.8%  | 66.8%  | 64.4%  | 61.8%  | 59.0%  | 55.9%  | 52.6%  |  |
| 50%                            | 75.0%  | 83.7%                | 83.5%  | 83.0%  | 82.2%  | 81.0%  | 79.5%  | 77.6%  | 75.5%  | 73.0%  | 70.3%  | 67.3%  | 64.0%  | 60.5%  |  |
| 55%                            | 82.5%  | 93.0%                | 92.8%  | 92.3%  | 91.4%  | 90.1%  | 88.5%  | 86.6%  | 84.3%  | 81.7%  | 78.9%  | 75.7%  | 72.3%  | 68.6%  |  |
| 60%                            | 90.0%  | 102.4%               | 102.2% | 101.6% | 100.7% | 99.4%  | 97.7%  | 95.7%  | 93.3%  | 90.6%  | 87.6%  | 84.3%  | 80.7%  | 76.8%  |  |

The tables below shows performance examples of a Fund that has investment objective to correspond to two times (2x) and two times the inverse (-2x) of, respectively, the daily performance of an index. In the charts below, areas shaded lighter represent those scenarios where a Fund will return the same or outperform (*i.e.*, return more than) the index performance times the stated multiple in the Fund’s investment objective; conversely areas shaded darker represent those scenarios where the Fund will underperform (*i.e.*, return less than) the index performance times the stated multiple in the Fund’s investment objective.

**Estimated Fund Return Over One Year When the Fund’s Investment Objective is to Seek Daily Investment Results, Before Fund Fees and Expenses and Leverage Costs, that Correspond to Two Times (2x) the Daily Performance of an Index.**

| Two Times (2x)             |                            | Index Volatility |        |        |        |        |        |        |        |        |        |        |        |        |  |
|----------------------------|----------------------------|------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--|
| One Year Index Performance | One Year Index Performance | 0%               | 5%     | 10%    | 15%    | 20%    | 25%    | 30%    | 35%    | 40%    | 45%    | 50%    | 55%    | 60%    |  |
| -60%                       | -120%                      | -84.0%           | -84.0% | -84.2% | -84.4% | -84.6% | -85.0% | -85.4% | -85.8% | -86.4% | -86.9% | -87.5% | -88.2% | -88.8% |  |
| -55%                       | -110%                      | -79.8%           | -79.8% | -80.0% | -80.2% | -80.5% | -81.0% | -81.5% | -82.1% | -82.7% | -83.5% | -84.2% | -85.0% | -85.9% |  |
| -50%                       | -100%                      | -75.0%           | -75.1% | -75.2% | -75.6% | -76.0% | -76.5% | -77.2% | -77.9% | -78.7% | -79.6% | -80.5% | -81.5% | -82.6% |  |
| -45%                       | -90%                       | -69.8%           | -69.8% | -70.1% | -70.4% | -70.9% | -71.6% | -72.4% | -73.2% | -74.2% | -75.3% | -76.4% | -77.6% | -78.9% |  |
| -40%                       | -80%                       | -64.0%           | -64.1% | -64.4% | -64.8% | -65.4% | -66.2% | -67.1% | -68.2% | -69.3% | -70.6% | -72.0% | -73.4% | -74.9% |  |
| -35%                       | -70%                       | -57.8%           | -57.9% | -58.2% | -58.7% | -59.4% | -60.3% | -61.4% | -62.6% | -64.0% | -65.5% | -67.1% | -68.8% | -70.5% |  |
| -30%                       | -60%                       | -51.0%           | -51.1% | -51.5% | -52.1% | -52.9% | -54.0% | -55.2% | -56.6% | -58.2% | -60.0% | -61.8% | -63.8% | -65.8% |  |
| -25%                       | -50%                       | -43.8%           | -43.9% | -44.3% | -45.0% | -46.0% | -47.2% | -48.6% | -50.2% | -52.1% | -54.1% | -56.2% | -58.4% | -60.8% |  |
| -20%                       | -40%                       | -36.0%           | -36.2% | -36.6% | -37.4% | -38.5% | -39.9% | -41.5% | -43.4% | -45.5% | -47.7% | -50.2% | -52.7% | -55.3% |  |
| -15%                       | -30%                       | -27.8%           | -27.9% | -28.5% | -29.4% | -30.6% | -32.1% | -34.0% | -36.1% | -38.4% | -41.0% | -43.7% | -46.6% | -49.6% |  |
| -10%                       | -20%                       | -19.0%           | -19.2% | -19.8% | -20.8% | -22.2% | -23.9% | -26.0% | -28.3% | -31.0% | -33.8% | -36.9% | -40.1% | -43.5% |  |
| -5%                        | -10%                       | -9.8%            | -10.0% | -10.6% | -11.8% | -13.3% | -15.2% | -17.5% | -20.2% | -23.1% | -26.3% | -29.7% | -33.3% | -37.0% |  |
| 0%                         | 0%                         | 0.0%             | -0.2%  | -1.0%  | -2.2%  | -3.9%  | -6.1%  | -8.6%  | -11.5% | -14.8% | -18.3% | -22.1% | -26.1% | -30.2% |  |
| 5%                         | 10%                        | 10.3%            | 10.0%  | 9.2%   | 7.8%   | 5.9%   | 3.6%   | 0.8%   | -2.5%  | -6.1%  | -10.0% | -14.1% | -18.5% | -23.1% |  |
| 10%                        | 20%                        | 21.0%            | 20.7%  | 19.8%  | 18.3%  | 16.3%  | 13.7%  | 10.6%  | 7.0%   | 3.1%   | -1.2%  | -5.8%  | -10.6% | -15.6% |  |
| 15%                        | 30%                        | 32.3%            | 31.9%  | 30.9%  | 29.3%  | 27.1%  | 24.2%  | 20.9%  | 17.0%  | 12.7%  | 8.0%   | 3.0%   | -2.3%  | -7.7%  |  |
| 20%                        | 40%                        | 44.0%            | 43.6%  | 42.6%  | 40.8%  | 38.4%  | 35.3%  | 31.6%  | 27.4%  | 22.7%  | 17.6%  | 12.1%  | 6.4%   | 0.5%   |  |
| 25%                        | 50%                        | 56.3%            | 55.9%  | 54.7%  | 52.8%  | 50.1%  | 46.8%  | 42.8%  | 38.2%  | 33.1%  | 27.6%  | 21.7%  | 15.5%  | 9.0%   |  |
| 30%                        | 60%                        | 69.0%            | 68.6%  | 67.3%  | 65.2%  | 62.4%  | 58.8%  | 54.5%  | 49.5%  | 44.0%  | 38.0%  | 31.6%  | 24.9%  | 17.9%  |  |
| 35%                        | 70%                        | 82.3%            | 81.8%  | 80.4%  | 78.2%  | 75.1%  | 71.2%  | 66.6%  | 61.2%  | 55.3%  | 48.8%  | 41.9%  | 34.7%  | 27.2%  |  |
| 40%                        | 80%                        | 96.0%            | 95.5%  | 94.0%  | 91.6%  | 88.3%  | 84.1%  | 79.1%  | 73.4%  | 67.0%  | 60.1%  | 52.6%  | 44.8%  | 36.7%  |  |
| 45%                        | 90%                        | 110.3%           | 109.7% | 108.2% | 105.6% | 102.0% | 97.5%  | 92.2%  | 86.0%  | 79.2%  | 71.7%  | 63.7%  | 55.4%  | 46.7%  |  |
| 50%                        | 100%                       | 125.0%           | 124.4% | 122.8% | 120.0% | 116.2% | 111.4% | 105.6% | 99.1%  | 91.7%  | 83.8%  | 75.2%  | 66.3%  | 57.0%  |  |
| 55%                        | 110%                       | 140.3%           | 139.7% | 137.9% | 134.9% | 130.8% | 125.7% | 119.6% | 112.6% | 104.7% | 96.2%  | 87.1%  | 77.5%  | 67.6%  |  |
| 60%                        | 120%                       | 156.0%           | 155.4% | 153.5% | 150.3% | 146.0% | 140.5% | 134.0% | 126.5% | 118.1% | 109.1% | 99.4%  | 89.2%  | 78.6%  |  |

**Estimated Fund Return Over One Year When the Fund's Investment Objective is to Seek Daily Investment Results, Before Fees and Expenses, that Correspond to Two Times the Inverse (-2x) of the Daily Performance of an Index.**

| One Year Index Performance | Two Times the Inverse (-2x) of One Year Index Performance | Index Volatility |        |        |        |        |        |        |        |        |        |        |        |        |
|----------------------------|---|------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
|                            |   | 0%               | 5%     | 10%    | 15%    | 20%    | 25%    | 30%    | 35%    | 40%    | 45%    | 50%    | 55%    | 60%    |
| -60%                       | 120%  | 525.0%           | 520.3% | 506.5% | 484.2% | 454.3% | 418.1% | 377.1% | 332.8% | 286.7% | 240.4% | 195.2% | 152.2% | 112.2% |
| -55%                       | 110%  | 393.8%           | 390.1% | 379.2% | 361.6% | 338.0% | 309.4% | 277.0% | 242.0% | 205.6% | 169.0% | 133.3% | 99.3%  | 67.7%  |
| -50%                       | 100%  | 300.0%           | 297.0% | 288.2% | 273.9% | 254.8% | 231.6% | 205.4% | 177.0% | 147.5% | 117.9% | 88.9%  | 61.4%  | 35.8%  |
| -45%                       | 90%   | 230.6%           | 228.1% | 220.8% | 209.0% | 193.2% | 174.1% | 152.4% | 128.9% | 104.6% | 80.1%  | 56.2%  | 33.4%  | 12.3%  |
| -40%                       | 80%   | 177.8%           | 175.7% | 169.6% | 159.6% | 146.4% | 130.3% | 112.0% | 92.4%  | 71.9%  | 51.3%  | 31.2%  | 12.1%  | -5.7%  |
| -35%                       | 70%   | 136.7%           | 134.9% | 129.7% | 121.2% | 109.9% | 96.2%  | 80.7%  | 63.9%  | 46.5%  | 28.9%  | 11.8%  | -4.5%  | -19.6% |
| -30%                       | 60%   | 104.1%           | 102.6% | 98.1%  | 90.8%  | 81.0%  | 69.2%  | 55.8%  | 41.3%  | 26.3%  | 11.2%  | -3.6%  | -17.6% | -30.7% |
| -25%                       | 50%   | 77.8%            | 76.4%  | 72.5%  | 66.2%  | 57.7%  | 47.4%  | 35.7%  | 23.1%  | 10.0%  | -3.2%  | -16.0% | -28.3% | -39.6% |
| -20%                       | 40%   | 56.3%            | 55.1%  | 51.6%  | 46.1%  | 38.6%  | 29.5%  | 19.3%  | 8.2%   | -3.3%  | -14.9% | -26.2% | -36.9% | -46.9% |
| -15%                       | 30%   | 38.4%            | 37.4%  | 34.3%  | 29.4%  | 22.8%  | 14.7%  | 5.7%   | -4.2%  | -14.4% | -24.6% | -34.6% | -44.1% | -53.0% |
| -10%                       | 20%   | 23.5%            | 22.5%  | 19.8%  | 15.4%  | 9.5%   | 2.3%   | -5.8%  | -14.5% | -23.6% | -32.8% | -41.7% | -50.2% | -58.1% |
| -5%                        | 10%   | 10.8%            | 10.0%  | 7.5%   | 3.6%   | -1.7%  | -8.1%  | -15.4% | -23.3% | -31.4% | -39.6% | -47.7% | -55.3% | -62.4% |
| 0%                         | 0%  | 0.0%             | -0.7%  | -3.0%  | -6.5%  | -11.3% | -17.1% | -23.7% | -30.8% | -38.1% | -45.5% | -52.8% | -59.6% | -66.0% |
| 5%                         | -10%  | -9.3%            | -10.0% | -12.0% | -15.2% | -19.6% | -24.8% | -30.8% | -37.2% | -43.9% | -50.6% | -57.2% | -63.4% | -69.2% |
| 10%                        | -20%  | -17.4%           | -18.0% | -19.8% | -22.7% | -26.7% | -31.5% | -36.9% | -42.8% | -48.9% | -55.0% | -61.0% | -66.7% | -71.9% |
| 15%                        | -30%  | -24.4%           | -25.0% | -26.6% | -29.3% | -32.9% | -37.3% | -42.3% | -47.6% | -53.2% | -58.8% | -64.3% | -69.5% | -74.3% |
| 20%                        | -40%  | -30.6%           | -31.1% | -32.6% | -35.1% | -38.4% | -42.4% | -47.0% | -51.9% | -57.0% | -62.2% | -67.2% | -72.0% | -76.4% |
| 25%                        | -50%  | -36.0%           | -36.5% | -37.9% | -40.2% | -43.2% | -46.9% | -51.1% | -55.7% | -60.4% | -65.1% | -69.8% | -74.2% | -78.3% |
| 30%                        | -60%  | -40.8%           | -41.3% | -42.6% | -44.7% | -47.5% | -50.9% | -54.8% | -59.0% | -63.4% | -67.8% | -72.0% | -76.1% | -79.9% |
| 35%                        | -70%  | -45.1%           | -45.5% | -46.8% | -48.7% | -51.3% | -54.5% | -58.1% | -62.0% | -66.0% | -70.1% | -74.1% | -77.9% | -81.4% |
| 40%                        | -80%  | -49.0%           | -49.4% | -50.5% | -52.3% | -54.7% | -57.7% | -61.1% | -64.7% | -68.4% | -72.2% | -75.9% | -79.4% | -82.7% |
| 45%                        | -90%  | -52.4%           | -52.8% | -53.8% | -55.5% | -57.8% | -60.6% | -63.7% | -67.1% | -70.6% | -74.1% | -77.5% | -80.8% | -83.8% |
| 50%                        | -100%   | -55.6%           | -55.9% | -56.9% | -58.5% | -60.6% | -63.2% | -66.1% | -69.2% | -72.5% | -75.8% | -79.0% | -82.1% | -84.9% |
| 55%                        | -110%   | -58.4%           | -58.7% | -59.6% | -61.1% | -63.1% | -65.5% | -68.2% | -71.2% | -74.2% | -77.3% | -80.3% | -83.2% | -85.9% |
| 60%                        | -120%   | -60.9%           | -61.2% | -62.1% | -63.5% | -65.4% | -67.6% | -70.2% | -73.0% | -75.8% | -78.7% | -81.5% | -84.2% | -86.7% |

## INVESTMENT RESTRICTIONS

Each Fund has adopted certain investment restrictions as fundamental policies that cannot be changed without a “vote of a majority of the outstanding voting securities” of the Fund. The phrase “majority of outstanding voting securities” is defined in the 1940 Act as the lesser of: (i) 67% or more of the shares of the Fund present at a duly-called meeting of shareholders, if the holders of more than 50% of the outstanding shares of the Fund are present or represented by proxy; or (ii) more than 50% of the outstanding shares of the Fund. (All policies of each Fund not specifically identified in this SAI or its Prospectus as fundamental may be changed without a vote of the shareholders of the Fund.) For purposes of the following limitations, all percentage limitations apply immediately after a purchase or initial investment.

- (1) (a) Each of ProFund VP Bear, ProFund VP Bull, ProFund VP Europe 30, ProFund VP UltraBull, ProFund VP UltraNasdaq-100, ProFund VP UltraShort Nasdaq-100 and ProFund VP UltraSmall-Cap may not invest more than 25% of its total assets, taken at market value at the time of each investment, in the securities of issuers in any particular industry (excluding the U.S. government and its agencies and instrumentalities or repurchase agreements with respect thereto);
- (b) ProFund VP Government Money Market may invest more than 25% of its total assets, taken at market value at the time of each investment, in the obligations of U.S. and foreign banks and other financial institutions;
- (c) Each other ProFund VP not subject to Investment Restriction (i) above may concentrate its investment in the securities of companies engaged in a single industry or group of industries in accordance with its investment objective and policies as disclosed in the Prospectus and SAI to approximately the same extent as its benchmark index; and
- (d) Each non-money market ProFund VP may invest more than 25% of its total assets in the securities of issuers in a group of industries to approximately the same extent as its benchmark index.

A ProFund VP may not:

- (2) Make investments for the purpose of exercising control or management.
- (3) Purchase or sell real estate.
- (4) Make loans to other persons, except that the acquisition of bonds, debentures or other corporate debt securities and investment in government obligations, commercial paper, pass-through instruments, certificates of deposit, bankers’ acceptances and repurchase agreements and purchase and sale contracts and any similar instruments shall not be deemed to be the making of a loan, and except further that the ProFund VP may lend its portfolio securities, provided that the lending of portfolio securities may be made only in accordance with applicable law and the guidelines set forth in the Prospectus and this SAI, as they may be amended from time to time.
- (5) Issue senior securities to the extent such issuance would violate applicable law.
- (6) Borrow money, except that the ProFund VP (i) may borrow from banks (as defined in the 1940 Act) in amounts up to 33 1/3% of its total assets (including the amount borrowed), (ii) may, to the extent permitted by applicable law, borrow up to an additional 5% of its total assets for temporary purposes, (iii) may obtain such short-term credit as may be necessary for the clearance of purchases and sales of portfolio securities, (iv) may purchase securities on margin to the extent permitted by applicable law and (v) may enter into reverse repurchase agreements. The ProFund VP may not pledge its assets other than to secure such borrowings or, to the extent permitted by the ProFund VP’s investment policies as set forth in the Prospectus and this SAI, as they may be amended from time to time, in connection with hedging transactions, short sales, when-issued and forward commitment transactions and similar investment strategies.

- (7) Underwrite securities of other issuers, except insofar as the ProFund VP technically may be deemed an underwriter under the 1933 Act, as amended, in selling portfolio securities.
- (8) Purchase or sell commodities or contracts on commodities, except to the extent the ProFund VP may do so in accordance with applicable law and the ProFund VP's Prospectus and SAI, as they may be amended from time to time.

ProFund VP Government Money Market has also adopted the following non-fundamental investment restriction, which may be changed by the Board of Trustees without the approval of Fund shareholders:

- (1) ProFund VP Government Money Market will invest substantially all, but at least 99.5% of its total assets in cash, U.S. government securities, and/or repurchase agreements that are fully collateralized by these instruments.

ProFund VP Large-Cap Growth may operate as “non-diversified,” as defined in the 1940 Act, to the extent necessary to approximate the composition of its index to the extent permitted by law or regulatory relief.

Obligations under futures contracts, forward contracts and swap agreements that are “covered” consistent with any SEC guidance currently in effect, including any SEC Staff no-action or interpretive positions, will not be considered senior securities for purposes of a Fund's investment restriction concerning senior securities.



## MANAGEMENT OF THE TRUST

### THE BOARD OF TRUSTEES AND ITS LEADERSHIP STRUCTURE

The Board has general oversight responsibility with respect to the operation of the Trust and each Fund. The Board has engaged ProFund Advisors to manage each Fund and is responsible for overseeing ProFund Advisors and other service providers to the Trust and each Fund in accordance with the provisions of the federal securities laws.

The Board is currently composed of four Trustees, including three Independent Trustees who are not “interested persons” of each Fund, as that term is defined in the 1940 Act (each an “Independent Trustee”). In addition to four regularly scheduled meetings per year, the Board periodically meets in executive session (with and without employees of ProFund Advisors), and holds special meetings, and/or informal conference calls relating to specific matters that may require discussion or action prior to its next regular meeting. The Independent Trustees have retained “independent legal counsel” as the term is defined in the 1940 Act.

The Board has appointed Michael L. Sapir to serve as Chairman of the Board. Mr. Sapir is also the Co-Founder and Chief Executive Officer of ProFund Advisors and, as such, is not an Independent Trustee. The Chairman’s primary role is to participate in the preparation of the agenda for Board meetings, determine (with the advice of counsel) which matters need to be acted upon by the Board, and to ensure that the Board obtains all the information necessary to perform its functions and take action. The Chairman also presides at all meetings of the Board and acts, with the assistance of staff, as a liaison with service providers, officers, attorneys and the Independent Trustees between meetings. The Chairman performs such other functions as requested by the Board from time to time. The Board does not have a lead Independent Trustee.

The Board has determined that its leadership structure is appropriate in light of the characteristics of the Trust and each Fund. These characteristics include, among other things, the fact that multiple series are organized under one Trust; all series of the Trust are registered investment companies; all series of the Trust have common service providers; and that the majority of the series of the Trust are geared funds, with similar principal investment strategies. As a result, the Board addresses governance and management issues that are often common to each series of the Trust. In light of these characteristics, the Board has determined that a four-member Board, including three Independent Trustees, is of an adequate size to oversee the operations of the Trust, and that, in light of the small size of the Board, a complex Board leadership structure is not necessary or desirable. The relatively small size of the Board facilitates ready communication among the Board members, and between the Board and management, both at Board meetings and between meetings, further leading to the determination that a complex board structure is unnecessary. In view of the small size of the Board, the Board has concluded that designating one of the three Independent Trustees as the “lead Independent Trustee” would not be likely to meaningfully enhance the effectiveness of the Board. The Board reviews its leadership structure at least annually and believes that its structure is appropriate to enable the Board to exercise its oversight of each Fund.

The Board oversight of the Trust and each Fund extends to the Trust’s risk management processes. The Board and its Audit Committee consider risk management issues as part of their responsibilities throughout the year at regular and special meetings. ProFund Advisors and other service providers prepare regular reports for Board and Audit Committee meetings that address a variety of risk-related matters, and the Board as a whole or the Audit Committee may also receive special written reports or presentations on a variety of risk issues at the request of the Board or the Audit Committee. For example, the portfolio managers of each Fund meet regularly with the Board to discuss portfolio performance, including investment risk, counterparty risk and the impact on each Fund of investments in particular securities or derivatives. As noted above, given the relatively small size of the Board, the Board determined it is not necessary to adopt a complex leadership structure in order for the Board to effectively exercise its risk oversight function.

The Board has appointed a Chief Compliance Officer (“CCO”) for the Trust (who is also the CCO for ProShare Advisors LLC). The CCO reports directly to the Board and participates in the Board’s meetings. The Independent Trustees meet at least annually in executive session with the CCO, and each Fund’s CCO prepares and presents an annual written compliance report to the Board. The CCO also provides updates to

the Board on the operation of the Trust's compliance policies and procedures and on how these procedures are designed to mitigate risk. Finally, the CCO and/or other officers or employees of ProFund Advisors report to the Board in the event that any material risk issues arise.

In addition, the Audit Committee of the Board meets regularly with the Trust's independent public accounting firm to review reports on, among other things, each Fund's controls over financial reporting. The Trustees, their birth date, term of office and length of time served, principal business occupations during the past five years and the number of portfolios in the Fund Complex overseen and other directorships, if any, held by each Trustee, are shown below. Unless noted otherwise, the address of each Trustee is: c/o ProFunds, 7501 Wisconsin Avenue, Suite 1000E, Bethesda, MD 20814.

| <u>Name and Birth Date</u>                  | <u>Term of Office and Length of Time Served</u> | <u>Principal Occupation(s) During the Past 5 Years</u>  | <u>Number of Operational Portfolios in Fund Complex* Overseen by Trustee</u> | <u>Other Directorships Held by Trustee During Past 5 Years</u> |
|---|---|---|--|--|
| <u>Independent Trustees</u>                 |   |   |  |  |
| William D. Fertig<br>Birth Date: 9/56       | Indefinite; June 2011 to present                | Context Capital Management (Alternative Asset Management): Chief Investment Officer (September 2002 to present)                                       | ProShares (116)<br>ProFunds (115)  | Context Capital  |
| Russell S. Reynolds III<br>Birth Date: 7/57 | Indefinite; October 1997 to present             | RSR Partners, Inc. and predecessor company (Executive Recruitment and Corporate Governance Consulting): Managing Director (February 1993 to present). | ProShares (116)<br>ProFunds (115)  | RSR Partners, Inc.   |
| Michael C. Wachs<br>Birth Date: 10/61       | Indefinite; October 1997 to present             | Linden Lane Capital Partners LLC (Real Estate Investment and Development): Managing Principal (2010 to present).                                      | ProShares (116)<br>ProFunds (115)  | NAIOP (the Commercial Real Estate Development Association)     |

Interested Trustee and Chairman of the Board

| <u>Name and Birth Date</u>             | <u>Term of Office and Length of Time Served</u> | <u>Principal Occupation(s) During the Past 5 Years</u>   | <u>Number of Operational Portfolios in Fund Complex* Overseen by Trustee</u> | <u>Other Directorships Held by Trustee During Past 5 Years</u> |
|--|---|--|--|--|
| Michael L. Sapir**<br>Birth Date: 5/58 | Indefinite; April 1997 to present               | Chairman and Chief Executive Officer of ProShare Advisors (November 2005 to present); ProFund Advisors LLC (April 1997 to present); and ProShare Capital Management LLC (August 2008 to present) | ProShares (116)<br>ProFunds (115)  |  |

\* The “Fund Complex” consists of all operational registered investment companies under the 1940 Act that are advised by ProFund Advisors and any registered investment companies that have an investment adviser that is an affiliated person of ProFund Advisors. Investment companies that are non-operational (and therefore, not publicly offered) as of the date of this SAI are excluded from these figures.

\*\* Mr. Sapir is an “interested person,” as defined by the 1940 Act, because of his ownership interest in ProFund Advisors.

The Board was formed in 1997 prior to the inception of the Trust’s operations. Messrs. Reynolds, Wachs and Sapir were appointed to serve as the Board’s initial trustees prior to the Trust’s operations. Mr. Fertig was added in June 2011. Each Trustee was and is currently believed to possess the specific experience, qualifications, attributes, and skills necessary to serve as a Trustee of the Trust. In addition to their years of service as Trustees to Trust, and gathering experience with funds with investment objectives and principal investment strategies similar to certain series of the Trust, each individual brings experience and qualifications from other areas. In particular, Mr. Reynolds has significant senior executive experience in the areas of human resources and recruitment and executive organization; Mr. Wachs has significant experience in the areas of investment and real estate development; Mr. Sapir has significant experience in the field of investment management, both as an executive and as an attorney; and Mr. Fertig has significant experience in the areas of investment and asset management.

## COMMITTEES

The Board has established an Audit Committee to assist the Board in performing oversight responsibilities. The Audit Committee is composed exclusively of Independent Trustees. Currently, the Audit Committee is composed of Messrs. Reynolds, Wachs and Fertig. Among other things, the Audit Committee makes recommendations to the full Board of Trustees with respect to the engagement of an independent registered public accounting firm and reviews with the independent registered public accounting firm the plan and results of the internal controls, audit engagement and matters having a material effect on the Trust’s financial operations. During the past fiscal year, the Audit Committee met six times, and the Board of Trustees met four times.

## TRUSTEE OWNERSHIP

Listed below for each Trustee is a dollar range of securities beneficially owned in the Trust, together with the aggregate dollar range of equity securities in all registered investment companies overseen by each Trustee that are in the same family of investment companies as the Trust, as of December 31, 2020.

| <u>Name of Trustee</u>                    | <u>Dollar Range of Equity Securities in the Trust</u> | <u>Aggregate Dollar Range of Equity Securities in All Registered Investment Companies Overseen by Trustee in Family of Investment Companies</u> |
|---|---|---|
| <b>Independent Trustees</b>               |   |   |
| William D. Fertig, Trustee .....          | None  | Over \$100,000  |
| Russell S. Reynolds III, Trustee .....    | None  | \$10,001-\$50,000   |
| Michael C. Wachs, Trustee.....            | \$10,001-\$50,000                                     | \$10,001-\$50,000   |
| <b>Interested Trustee</b>                 |   |   |
| Michael L. Sapir, Trustee and Chairman .. | None  | Over \$100,000  |

As of April 1, 2021, the Trustees and officers of the Trust, as a group, owned outstanding shares that entitled them to give voting instructions with respect to less than one percent of the shares of each Fund.

No Independent Trustee (or an immediate family member thereof) has any share ownership in securities of the Advisor, the principal underwriter of the Trust, or any entity controlling, controlled by or under common control with the Advisor or principal underwriter of the Trust (not including registered investment companies) as of December 31, 2020.

### COMPENSATION OF TRUSTEES

Each Independent Trustee is paid a \$185,000 annual retainer for service as Trustee on the Board and for service as Trustee for other funds in the Fund Complex, \$10,000 for attendance at each quarterly in-person meeting of the Board of Trustees, \$3,000 for attendance at each special meeting of the Board of Trustees, and \$3,000 for attendance at telephonic meetings. Trustees who are also Officers or affiliated persons receive no remuneration from the Trust for their services as Trustees. The Officers, other than the CCO, receive no compensation directly from the Trust for performing the duties of their offices.

The Trust does not accrue pension or retirement benefits as part of each Fund's expenses, and Trustees are not entitled to benefits upon retirement from the Board of Trustees.

The following table shows aggregate compensation paid to the Trustees for their service on the Board for the fiscal year ended December 31, 2020.

| <u>Name</u>                                  | <u>Aggregate Compensation From the Funds</u> | <u>Pension or Retirement Benefits Accrued as Part of Trust Expenses</u> | <u>Estimated Annual Benefits Upon Retirement</u> | <u>Total Compensation From Trust and Fund Complex Paid to Trustees</u> |
|--|--|---|--|--|
| <b>Independent Trustees</b>                  |  |   |  |  |
| William D. Fertig, Trustee .....             | \$7,769                                      | \$—   | \$—  | \$228,000  |
| Russell S. Reynolds, III, Trustee .....      | \$7,769                                      | \$—   | \$—  | \$228,000  |
| Michael C. Wachs, Trustee .....              | \$7,769                                      | \$—   | \$—  | \$228,000  |
| <b>Interested Trustee</b>                    |  |   |  |  |
| Michael L. Sapir, Trustee and Chairman ..... | \$ —   | \$—   | \$—  | \$ —   |

### OFFICERS

The Trust's executive officers (the "Officers"), their date of birth, term of office and length of time served and their principal business occupations during the past five years, are shown below. Unless noted otherwise, the address of each Trustee and officer is: c/o ProFunds, 7501 Wisconsin Avenue, Suite 1000E, Bethesda, MD 20814.

| <u>Name and Birth Date</u>                 | <u>Position(s)<br/>Held with<br/>Trust</u>                                | <u>Term of Office<br/>and Length of<br/>Time Served</u> | <u>Principal Occupation(s)<br/>During the Past<br/>5 Years</u>   |
|--|---|---|--|
| Todd B. Johnson<br>Birth Date: 1/64        | President   | Indefinite;<br>January 2014 to<br>present               | Chief Investment Officer of the Advisor (December 2008 to present); ProShare Advisors LLC (December 2008 to present); and ProShare Capital Management LLC (February 2009 to present).  |
| Christopher E. Sabato<br>Birth Date: 12/68 | Treasurer   | Indefinite;<br>September 2009<br>to present             | Senior Vice President, Fund Administration, Citi Fund Services Ohio, Inc. (2007 to present).   |
| Victor M. Frye, Esq.<br>Birth Date: 10/58  | Chief<br>Compliance<br>Officer and<br>Anti-Money<br>Laundering<br>Officer | Indefinite;<br>September 2004<br>to present             | Counsel and Chief Compliance Officer of the Advisor (October 2002 to present) and ProShare Advisors (December 2004 to present); Secretary of ProFunds Distributors, Inc. (April 2008 to present); Chief Compliance Officer of ProFunds Distributors, Inc. (July 2015 to present).  |
| Richard F. Morris<br>Birth Date: 8/67      | Chief Legal<br>Officer and<br>Secretary                                   | Indefinite;<br>December 2015<br>to present              | General Counsel of ProShare Advisors, ProFund Advisors LLC, and ProShare Capital Management LLC (December 2015 to present); Chief Legal Officer of ProFunds Distributors, Inc. (December 2015 to present); Partner at Morgan Lewis & Bockius, LLP (October 2012 to November 2015). |

The Officers, under the supervision of the Board, manage the day-to-day operations of the Trust. One Trustee and all of the Officers of the Trust are directors, officers or employees of the Advisor or Citi Fund Services Ohio, Inc. The other Trustees are Independent Trustees. The Trustees and some Officers are also directors and officers of some or all of the other funds in the Fund Complex. The Fund Complex includes all funds advised by the Advisor and any funds that have an investment adviser that is an affiliate of the Advisor.

#### **COMPENSATION OF OFFICERS**

The Officers, other than the CCO, receive no compensation directly from the Trust for performing the duties of their offices.

#### **CONTROL PERSONS AND PRINCIPAL HOLDERS OF SECURITIES**

See Appendix B to this SAI for a list of the principal holders of a Fund.

## INVESTMENT ADVISOR

ProFund Advisors, located at 7501 Wisconsin Avenue, Suite 1000E, Bethesda, MD 20814, serves as the investment adviser to each Fund and provides investment advice and management services to each Fund. ProFund Advisors is owned by Michael L. Sapir, Louis M. Mayberg and William E. Seale.

### INVESTMENT ADVISORY AGREEMENT

Under an investment advisory agreement between the Advisor and the Trust dated October 28, 1997 and most recently amended and restated as of March 10, 2005 (the “Advisory Agreement”), the Advisor manages the investment and reinvestment of each Fund’s assets in accordance with its investment objective(s), policies, and restrictions, subject to the general supervision and control of the Board and the Trust’s Officers. The Advisor bears all costs associated with providing these services. The Advisory Agreement may be terminated with respect to a series of the Trust at any time, by a vote of the Trustees, by a vote of a majority of the outstanding voting securities (as defined in the 1940 Act) of that series, or by the Advisor in each case upon sixty days’ prior written notice. A discussion regarding the basis for the Board’s approval of the Advisory Agreement is available in the annual report to shareholders dated December 31, 2020.

Pursuant to the Advisory Agreement, each Fund, except ProFund VP U.S. Government Plus, pays the Advisor a fee at an annualized rate, based on its average daily net assets of 0.75%. ProFund VP U.S. Government Plus pays the Advisor a fee at an annualized rate, based on its average daily net assets of 0.50%. In addition, subject to the condition that the aggregate daily net assets of the Trust be equal to or greater than \$10 billion. The Advisor has agreed to the following fee reductions with respect to each individual Fund: 0.025% of the Fund’s daily net assets in excess of \$500 million to \$1 billion, 0.05% of the Fund’s daily net assets in excess of \$1 billion to \$2 billion, and 0.075% of the Fund’s net assets in excess of \$2 billion. During the fiscal year ended December 31, 2020, no Fund’s annual investment advisory fee was subject to such reductions.

#### *Fees Paid under the Advisory Agreement*

The investment advisory fees paid as well as any amounts reimbursed pursuant to the Expense Limitation Agreement, for the fiscal years ended December 31, 2018, December 31, 2019, and December 31, 2020 for each Fund that was operational as of each date are set forth below.

|   | ADVISORY FEES |        |            |          |           |          |
|---|---------------|--------|------------|----------|-----------|----------|
|   | 2018          |        | 2019       |          | 2020      |          |
|   | Earned        | Waived | Earned     | Waived   | Earned    | Waived   |
| ProFund VP Asia 30.....                     | \$ 213,697    | \$ 0   | \$ 182,368 | \$ 9,636 | \$183,626 | \$ 7,168 |
| ProFund VP Banks .....                      | 88,591        | 3,517  | 56,205     | 1,485    | 35,576    | 2,575    |
| ProFund VP Basic Materials .....            | 144,601       | 0      | 89,667     | 2,895    | 85,475    | 5,177    |
| ProFund VP Bear.....                        | 31,128        | 0      | 32,713     | 1,341    | 34,010    | 4,258    |
| ProFund VP Biotechnology .....              | 493,545       | 0      | 417,371    | 0        | 441,973   | 0        |
| ProFund VP Bull .....                       | 546,857       | 0      | 463,883    | 0        | 437,805   | 15,072   |
| ProFund VP Consumer Goods ...               | 97,704        | 4,652  | 82,658     | 5,289    | 105,616   | 9,435    |
| ProFund VP Consumer Services..              | 226,434       | 0      | 212,300    | 3,753    | 197,858   | 15,551   |
| ProFund VP Dow 30 .....                     | 3,836         | 0      | 2,890      | 0        | 3,312     | 0        |
| ProFund VP Emerging Markets ..              | 185,671       | 0      | 151,204    | 10,520   | 150,099   | 11,139   |
| ProFund VP Europe 30 .....                  | 191,918       | 0      | 150,387    | 19,381   | 111,483   | 11,287   |
| ProFund VP Falling U.S. Dollar..            | 5,234         | 5,234  | 3,312      | 3,312    | 4,635     | 4,635    |
| ProFund VP Financials .....                 | 319,280       | 0      | 253,285    | 0        | 193,465   | 13,543   |
| ProFund VP Government Money<br>Market ..... | 1,365,087     | 0      | 1,236,644  | 0        | 763,672   | 578,585  |
| ProFund VP Health Care.....                 | 398,566       | 1,766  | 361,370    | 16,797   | 360,577   | 23,086   |
| ProFund VP Industrials .....                | 175,679       | 2,456  | 119,694    | 3,653    | 98,704    | 7,849    |
| ProFund VP International .....              | 61,326        | 0      | 45,747     | 0        | 39,442    | 0        |
| ProFund VP Internet.....                    | 180,433       | 0      | 145,226    | 247      | 153,620   | 5,468    |



|                                   | ADVISORY FEES |        |         |        |           |        |
|-----------------------------------|---------------|--------|---------|--------|-----------|--------|
|                                   | 2018          |        | 2019    |        | 2020      |        |
|                                   | Earned        | Waived | Earned  | Waived | Earned    | Waived |
| ProFund VP Japan .....            | 80,243        | 0      | 61,781  | 0      | 57,545    | 4,849  |
| ProFund VP Large-Cap Growth ..    | 248,260       | 4,113  | 198,515 | 11,426 | 202,957   | 16,602 |
| ProFund VP Large-Cap Value ....   | 134,604       | 2,692  | 132,478 | 10,117 | 105,013   | 11,243 |
| ProFund VP Mid-Cap .....          | 154,485       | 0      | 105,623 | 0      | 63,853    | 0      |
| ProFund VP Mid-Cap Growth ....    | 180,221       | 4,479  | 140,276 | 12,277 | 126,957   | 14,544 |
| ProFund VP Mid-Cap Value .....    | 114,923       | 3,894  | 110,299 | 9,471  | 78,154    | 10,951 |
| ProFund VP Nasdaq-100 .....       | 588,118       | 0      | 647,603 | 21,647 | 916,407   | 56,545 |
| ProFund VP Oil & Gas .....        | 282,940       | 0      | 194,224 | 0      | 133,124   | 11,753 |
| ProFund VP Pharmaceuticals .....  | 122,137       | 0      | 96,924  | 5,603  | 101,069   | 5,492  |
| ProFund VP Precious Metals .....  | 151,946       | 0      | 182,481 | 9,596  | 278,381   | 18,731 |
| ProFund VP Real Estate .....      | 75,908        | 842    | 128,671 | 5,391  | 76,124    | 7,485  |
| ProFund VP Rising Rates           |               |        |         |        |           |        |
| Opportunity .....                 | 85,358        | 0      | 56,619  | 1,445  | 33,542    | 1,774  |
| ProFund VP Semiconductor .....    | 68,892        | 0      | 62,112  | 0      | 72,100    | 1,129  |
| ProFund VP Short Dow 30 .....     | 114           | 11     | 95      | 0      | 696       | 58     |
| ProFund VP Short Emerging         |               |        |         |        |           |        |
| Markets .....                     | 12,162        | 0      | 8,098   | 0      | 9,752     | 402    |
| ProFund VP Short International .. | 6,836         | 0      | 5,927   | 118    | 7,428     | 193    |
| ProFund VP Short Mid-Cap .....    | 1,864         | 0      | 1,644   | 0      | 2,346     | 188    |
| ProFund VP Short Nasdaq-100 ...   | 21,581        | 0      | 26,591  | 1,273  | 52,177    | 4,116  |
| ProFund VP Short Small-Cap ....   | 15,194        | 0      | 16,195  | 1,726  | 15,551    | 2,769  |
| ProFund VP Small-Cap .....        | 109,913       | 0      | 86,546  | 5,867  | 77,997    | 12,893 |
| ProFund VP Small-Cap Growth ..    | 202,953       | 1,151  | 142,465 | 8,880  | 127,312   | 9,686  |
| ProFund VP Small-Cap Value ....   | 194,864       | 0      | 137,529 | 11,074 | 106,489   | 11,950 |
| ProFund VP Technology .....       | 240,990       | 0      | 225,107 | 0      | 284,204   | 0      |
| ProFund VP Telecommunications..   | 50,668        | 0      | 51,195  | 4,741  | 44,902    | 4,509  |
| ProFund VP U.S. Government        |               |        |         |        |           |        |
| Plus .....                        | 89,582        | 0      | 104,376 | 11,195 | 141,977   | 24,144 |
| ProFund VP UltraBull .....        | 228,164       | 0      | 202,020 | 0      | 128,615   | 0      |
| ProFund VP UltraMid-Cap .....     | 183,336       | 0      | 138,856 | 5,419  | 77,107    | 10,209 |
| ProFund VP UltraNasdaq-100 ....   | 875,043       | 0      | 804,491 | 76,454 | 1,010,141 | 73,628 |
| ProFund VP UltraShort Dow 30 ..   | 176           | 68     | 168     | 0      | 137       | 0      |
| ProFund VP UltraShort             |               |        |         |        |           |        |
| Nasdaq-100 .....                  | 5,163         | 0      | 9,633   | 110    | 14,011    | 1,667  |
| ProFund VP UltraSmall-Cap .....   | 202,356       | 0      | 163,980 | 15,371 | 107,050   | 22,918 |
| ProFund VP Utilities .....        | 251,492       | 0      | 306,266 | 21,457 | 266,607   | 21,986 |

The “Earned” columns in the table above include amounts due for investment advisory services provided during the specified fiscal year including amounts that the Advisor recouped pursuant to any applicable expense limitation agreements.

The amounts of advisory fees waived in the chart above do not reflect the amounts reimbursed by the Advisor to a Fund. For the fiscal years ended December 31, 2018, December 31, 2019, and December 31, 2020, as applicable, the Advisor reimbursed each Fund in the following amounts:

|                                  | REIMBURSEMENTS |      |      |
|----------------------------------|----------------|------|------|
|                                  | 2018           | 2019 | 2020 |
| ProFund VP Asia 30 .....         | \$0            | \$0  | \$0  |
| ProFund VP Banks .....           | 0              | 0    | 0    |
| ProFund VP Basic Materials ..... | 0              | 0    | 0    |
| ProFund VP Bear .....            | 0              | 0    | 0    |
| ProFund VP Biotechnology .....   | 0              | 0    | 0    |
| ProFund VP Bull .....            | 0              | 0    | 0    |
| ProFund VP Consumer Goods .....  | 0              | 0    | 0    |

|   | REIMBURSEMENTS |        |       |
|---|----------------|--------|-------|
|   | 2018           | 2019   | 2020  |
| ProFund VP Consumer Services .....        | \$ 0           | \$ 0   | \$ 0  |
| ProFund VP Dow 30 .....                   | 0              | 0      | 0     |
| ProFund VP Emerging Markets .....         | 0              | 0      | 0     |
| ProFund VP Europe 30 .....                | 0              | 0      | 0     |
| ProFund VP Falling U.S. Dollar .....      | 13,410         | 13,063 | 4,014 |
| ProFund VP Financials .....               | 0              | 0      | 0     |
| ProFund VP Government Money Market .....  | 0              | 0      | 0     |
| ProFund VP Health Care .....              | 0              | 0      | 0     |
| ProFund VP Industrials .....              | 0              | 0      | 0     |
| ProFund VP International .....            | 0              | 0      | 0     |
| ProFund VP Internet .....                 | 0              | 0      | 0     |
| ProFund VP Japan .....                    | 0              | 0      | 0     |
| ProFund VP Large-Cap Growth .....         | 0              | 0      | 0     |
| ProFund VP Large-Cap Value .....          | 0              | 0      | 0     |
| ProFund VP Mid-Cap .....                  | 0              | 0      | 0     |
| ProFund VP Mid-Cap Growth .....           | 0              | 0      | 0     |
| ProFund VP Mid-Cap Value .....            | 0              | 0      | 0     |
| ProFund VP Nasdaq-100 .....               | 0              | 0      | 0     |
| ProFund VP Oil & Gas .....                | 0              | 0      | 0     |
| ProFund VP Pharmaceuticals .....          | 0              | 0      | 0     |
| ProFund VP Precious Metals .....          | 0              | 0      | 0     |
| ProFund VP Real Estate .....              | 0              | 0      | 0     |
| ProFund VP Rising Rates Opportunity ..... | 0              | 0      | 0     |
| ProFund VP Semiconductor .....            | 0              | 0      | 0     |
| ProFund VP Short Dow 30 .....             | 0              | 0      | 0     |
| ProFund VP Short Emerging Markets .....   | 0              | 0      | 0     |
| ProFund VP Short International .....      | 0              | 0      | 0     |
| ProFund VP Short Mid-Cap .....            | 0              | 0      | 0     |
| ProFund VP Short Nasdaq-\$10\$0 .....     | 0              | 0      | 0     |
| ProFund VP Short Small-Cap .....          | 0              | 0      | 0     |
| ProFund VP Small-Cap .....                | 0              | 0      | 0     |
| ProFund VP Small-Cap Growth .....         | 0              | 0      | 0     |
| ProFund VP Small-Cap Value .....          | 0              | 0      | 0     |
| ProFund VP Technology .....               | 0              | 0      | 0     |
| ProFund VP Telecommunications .....       | 0              | 0      | 0     |
| ProFund VP U.S. Government Plus .....     | 0              | 0      | 0     |
| ProFund VP UltraBull .....                | 0              | 0      | 0     |
| ProFund VP UltraMid-Cap .....             | 0              | 0      | 0     |
| ProFund VP UltraNasdaq-100 .....          | 0              | 0      | 0     |
| ProFund VP UltraShort Dow 30 .....        | 0              | 0      | 0     |
| ProFund VP UltraShort Nasdaq-100 .....    | 0              | 0      | 0     |
| ProFund VP UltraSmall-Cap .....           | 0              | 0      | 0     |
| ProFund VP Utilities .....                | 0              | 0      | 0     |

## MANAGEMENT SERVICES AGREEMENT

Under a separate Amended and Restated Management Services Agreement dated October 28, 1997 (the “Management Agreement”), the Advisor performs certain client support and other administrative services on behalf of the Trust. These services include, in general, assisting the Board in all aspects of the administration and operation of the Trust. Other duties and services performed by the Advisor under the Management Agreement include, but are not limited to, negotiating contractual agreements, recommending and monitoring service providers, preparing reports for the Board regarding service providers and other matters requested by the Board, providing information to financial intermediaries, and making available employees of the Advisor to serve as officers and Trustees. The Advisor bears all costs associated with providing these services. The Management Agreement may be terminated with respect to any series of the

Trust at any time, by a vote of the Trustees, by a vote of a majority of the outstanding voting securities (as defined by the 1940 Act of that series, or by the Advisor in each case upon sixty days' prior written notice.

**Management Services Fees Paid**

For the fiscal years ended December 31, 2018, December 31, 2019, and December 31, 2020, the Advisor was entitled to, and waived, management services fees are set forth below.

|  | MANAGEMENT SERVICES FEES |        |           |         |           |        |
|--|--------------------------|--------|-----------|---------|-----------|--------|
|  | 2018                     |        | 2019      |         | 2020      |        |
|  | Earned                   | Waived | Earned    | Waived  | Earned    | Waived |
| ProFund VP Asia 30.....                      | \$ 28,493                | \$ 0   | \$ 24,316 | \$1,285 | \$ 24,483 | \$ 956 |
| ProFund VP Banks .....                       | 11,812                   | 469    | 7,494     | 198     | 4,743     | 343    |
| ProFund VP Basic Materials .....             | 19,280                   | 0      | 11,955    | 386     | 11,396    | 690    |
| ProFund VP Bear.....                         | 4,150                    | 0      | 4,362     | 179     | 4,535     | 568    |
| ProFund VP Biotechnology .....               | 65,805                   | 0      | 55,649    | 0       | 58,929    | 0      |
| ProFund VP Bull .....                        | 72,914                   | 0      | 61,851    | 0       | 58,373    | 2,010  |
| ProFund VP Consumer Goods ...                | 13,027                   | 620    | 11,021    | 705     | 14,082    | 1,258  |
| ProFund VP Consumer Services..               | 30,191                   | 0      | 28,306    | 500     | 26,381    | 2,074  |
| ProFund VP Dow 30 .....                      | 512                      | 0      | 386       | 0       | 442       | 0      |
| ProFund VP Emerging Markets ..               | 24,756                   | 0      | 20,160    | 1,403   | 20,013    | 1,485  |
| ProFund VP Europe 30 .....                   | 25,589                   | 0      | 20,051    | 2,584   | 14,864    | 1,505  |
| ProFund VP Falling U.S. Dollar..             | 698                      | 698    | 442       | 442     | 618       | 618    |
| ProFund VP Financials .....                  | 42,570                   | 0      | 33,771    | 0       | 25,795    | 1,806  |
| ProFund VP Government Money<br>Market .....  | 182,010                  | 0      | 164,885   | 0       | 101,821   | 77,143 |
| ProFund VP Health Care.....                  | 53,141                   | 236    | 48,182    | 2,240   | 48,076    | 3,078  |
| ProFund VP Industrials .....                 | 23,424                   | 328    | 15,959    | 487     | 13,160    | 1,047  |
| ProFund VP International .....               | 8,177                    | 0      | 6,099     | 0       | 5,259     | 0      |
| ProFund VP Internet.....                     | 24,058                   | 0      | 19,363    | 33      | 20,482    | 729    |
| ProFund VP Japan.....                        | 10,699                   | 0      | 8,237     | 0       | 7,673     | 647    |
| ProFund VP Large-Cap Growth ..               | 33,101                   | 548    | 26,468    | 1,523   | 27,061    | 2,214  |
| ProFund VP Large-Cap Value ....              | 17,947                   | 359    | 17,664    | 1,349   | 14,001    | 1,499  |
| ProFund VP Mid-Cap.....                      | 20,598                   | 0      | 14,083    | 0       | 8,514     | 0      |
| ProFund VP Mid-Cap Growth....                | 24,029                   | 597    | 18,703    | 1,637   | 16,927    | 1,939  |
| ProFund VP Mid-Cap Value.....                | 15,323                   | 519    | 14,706    | 1,263   | 10,420    | 1,460  |
| ProFund VP Nasdaq-100.....                   | 78,415                   | 0      | 86,346    | 2,886   | 122,186   | 7,539  |
| ProFund VP Oil & Gas .....                   | 37,725                   | 0      | 25,896    | 0       | 17,750    | 1,567  |
| ProFund VP Pharmaceuticals.....              | 16,285                   | 0      | 12,923    | 747     | 13,476    | 732    |
| ProFund VP Precious Metals.....              | 20,259                   | 0      | 24,331    | 1,280   | 37,117    | 2,497  |
| ProFund VP Real Estate .....                 | 10,121                   | 112    | 17,156    | 719     | 10,150    | 998    |
| ProFund VP Rising Rates<br>Opportunity ..... | 11,381                   | 0      | 7,549     | 193     | 4,472     | 237    |
| ProFund VP Semiconductor.....                | 9,186                    | 0      | 8,282     | 0       | 9,613     | 151    |
| ProFund VP Short Dow 30.....                 | 16                       | 2      | 13        | 1       | 93        | 8      |
| ProFund VP Short Emerging<br>Markets .....   | 1,622                    | 0      | 1,080     | 0       | 1,300     | 54     |
| ProFund VP Short International ..            | 911                      | 0      | 790       | 16      | 990       | 26     |
| ProFund VP Short Mid-Cap.....                | 248                      | 0      | 219       | 0       | 313       | 25     |
| ProFund VP Short Nasdaq-100...               | 2,878                    | 0      | 3,545     | 170     | 6,957     | 549    |
| ProFund VP Short Small-Cap ....              | 2,026                    | 0      | 2,159     | 230     | 2,074     | 369    |
| ProFund VP Small-Cap .....                   | 14,655                   | 0      | 11,539    | 782     | 10,399    | 1,719  |
| ProFund VP Small-Cap Growth ..               | 27,060                   | 154    | 18,995    | 1,184   | 16,975    | 1,292  |
| ProFund VP Small-Cap Value ....              | 25,982                   | 0      | 18,337    | 1,477   | 14,198    | 1,593  |
| ProFund VP Technology .....                  | 32,132                   | 0      | 30,014    | 0       | 37,893    | 0      |
| ProFund VP Telecommunications.               | 6,756                    | 0      | 6,826     | 632     | 5,987     | 601    |

|                                 | MANAGEMENT SERVICES FEES |        |         |        |         |        |
|---------------------------------|--------------------------|--------|---------|--------|---------|--------|
|                                 | 2018                     |        | 2019    |        | 2020    |        |
|                                 | Earned                   | Waived | Earned  | Waived | Earned  | Waived |
| ProFund VP U.S. Government      |                          |        |         |        |         |        |
| Plus .....                      | 17,916                   | 0      | 20,875  | 2,239  | 28,395  | 4,829  |
| ProFund VP UltraBull .....      | 30,422                   | 0      | 26,936  | 0      | 17,149  | 0      |
| ProFund VP UltraMid-Cap.....    | 24,445                   | 0      | 18,514  | 722    | 10,281  | 1,361  |
| ProFund VP UltraNasdaq-100....  | 116,672                  | 0      | 107,265 | 10,194 | 134,683 | 9,817  |
| ProFund VP UltraShort Dow 30..  | 24                       | 9      | 22      | 0      | 19      | 0      |
| ProFund VP UltraShort           |                          |        |         |        |         |        |
| Nasdaq-100 .....                | 688                      | 0      | 1,284   | 15     | 1,868   | 222    |
| ProFund VP UltraSmall-Cap ..... | 26,980                   | 0      | 21,864  | 2,050  | 14,273  | 3,056  |
| ProFund VP Utilities.....       | 33,532                   | 0      | 40,835  | 2,861  | 35,547  | 2,931  |

## EXPENSE LIMITATION AGREEMENT

The Advisor has contractually agreed to waive investment advisory and management services fees and/or to reimburse certain other Fund expenses through at least April 30, 2022 (unless the Board consents to an earlier revision or termination of this arrangement). After such date, the expense limitation may be terminated or revised by the Advisor. This expense limitation excludes brokerage costs, interest, taxes, dividends (including dividend expenses on securities sold short), litigation, indemnification, and extraordinary expenses. Additionally, the expense limitation does not include any expenses incurred by those underlying investment companies. Amounts waived or reimbursed in a particular contractual period may be recouped by the Advisor within three years of the end of that contract period, however, such recoupment will be limited to the lesser of any expense limitation in place at the time of recoupment or the expense limitation in place at the time of the waiver or reimbursement. In addition with respect to ProFund VP Government Money Market, the Advisor has contractually agreed to waive its fees and/or to reimburse certain other Fund expenses to maintain the minimum yield floor limit at 0.02% through April 30, 2022.

### *Expense Limits*

The annual operating expenses are limited as follows:

|  | EXPENSE<br>LIMIT |
|--|------------------|
| ProFund VP Asia 30 .....                 | 1.68%            |
| ProFund VP Banks.....                    | 1.68%            |
| ProFund VP Basic Materials .....         | 1.68%            |
| ProFund VP Bear .....                    | 1.68%            |
| ProFund VP Biotechnology .....           | 1.68%            |
| ProFund VP Bull .....                    | 1.68%            |
| ProFund VP Consumer Goods .....          | 1.68%            |
| ProFund VP Consumer Services .....       | 1.68%            |
| ProFund VP Dow 30.....                   | 1.68%            |
| ProFund VP Emerging Markets .....        | 1.68%            |
| ProFund VP Europe 30 .....               | 1.68%            |
| ProFund VP Falling U.S. Dollar .....     | 1.68%            |
| ProFund VP Financials.....               | 1.68%            |
| ProFund VP Government Money Market ..... | 1.35%            |
| ProFund VP Health Care.....              | 1.68%            |
| ProFund VP Industrials .....             | 1.68%            |
| ProFund VP International .....           | 1.68%            |

|  | <b>EXPENSE<br/>LIMIT</b> |
|--|--------------------------|
| ProFund VP Internet .....                | 1.68%                    |
| ProFund VP Japan .....                   | 1.68%                    |
| ProFund VP Large-Cap Growth.....         | 1.68%                    |
| ProFund VP Large-Cap Value.....          | 1.68%                    |
| ProFund VP Mid-Cap.....                  | 1.68%                    |
| ProFund VP Mid-Cap Growth .....          | 1.68%                    |
| ProFund VP Mid-Cap Value .....           | 1.68%                    |
| ProFund VP Nasdaq-100.....               | 1.68%                    |
| ProFund VP Oil & Gas .....               | 1.68%                    |
| ProFund VP Pharmaceuticals .....         | 1.68%                    |
| ProFund VP Precious Metals.....          | 1.68%                    |
| ProFund VP Real Estate .....             | 1.68%                    |
| ProFund VP Rising Rates Opportunity..... | 1.68%                    |
| ProFund VP Semiconductor.....            | 1.68%                    |
| ProFund VP Short Dow 30 .....            | 1.68%                    |
| ProFund VP Short Emerging Markets.....   | 1.68%                    |
| ProFund VP Short International.....      | 1.68%                    |
| ProFund VP Short Mid-Cap.....            | 1.68%                    |
| ProFund VP Short Nasdaq-100 .....        | 1.68%                    |
| ProFund VP Short Small-Cap.....          | 1.68%                    |
| ProFund VP Small-Cap .....               | 1.68%                    |
| ProFund VP Small-Cap Growth.....         | 1.68%                    |
| ProFund VP Small-Cap Value.....          | 1.68%                    |
| ProFund VP Technology .....              | 1.68%                    |
| ProFund VP Telecommunications .....      | 1.68%                    |
| ProFund VP U.S. Government Plus.....     | 1.38%                    |
| ProFund VP UltraBull .....               | 1.68%                    |
| ProFund VP UltraMid-Cap.....             | 1.68%                    |
| ProFund VP UltraNasdaq-100.....          | 1.68%                    |
| ProFund VP UltraShort Dow 30 .....       | 1.68%                    |
| ProFund VP UltraShort Nasdaq-100 .....   | 1.68%                    |
| ProFund VP UltraSmall-Cap .....          | 1.68%                    |
| ProFund VP Utilities.....                | 1.68%                    |

**Recoupment**

For the fiscal years ended December 31, 2018, December 31, 2019, and December 31, 2020, the Advisor recouped fee waivers/reimbursements from the prior years in the following amounts:

|                                  | <b>FEE WAIVERS/REIMBURSEMENTS<br/>RECOUPED</b> |             |             |
|----------------------------------|--|-------------|-------------|
|                                  | <b>2018</b>                                    | <b>2019</b> | <b>2020</b> |
| ProFund VP Asia 30.....          | \$ 47,542                                      | \$ 4,089    | \$ 0        |
| ProFund VP Banks .....           | 5,765  | 0           | 0           |
| ProFund VP Basic Materials ..... | 27,460   | 0           | 0           |
| ProFund VP Bear.....             | 0  | 0           | 0           |
| ProFund VP Biotechnology.....    | 0  | 0           | 0           |

|   | FEE WAIVERS/REIMBURSEMENTS<br>RECOUPED |         |       |
|---|--|---------|-------|
|   | 2018                                   | 2019    | 2020  |
| ProFund VP Bull .....                     | 73,854                                 | 0       | 0     |
| ProFund VP Consumer Goods.....            | 4,102                                  | 0       | 0     |
| ProFund VP Consumer Services.....         | 35,995                                 | 0       | 0     |
| ProFund VP Dow 30 .....                   | 0                                      | 0       | 0     |
| ProFund VP Emerging Markets .....         | 25,042                                 | 0       | 0     |
| ProFund VP Europe 30.....                 | 27,715                                 | 0       | 0     |
| ProFund VP Falling U.S. Dollar.....       | 0                                      | 0       | 0     |
| ProFund VP Financials .....               | 38,437                                 | 0       | 0     |
| ProFund VP Government Money Market.....   | 771,605                                | 346,495 | 0     |
| ProFund VP Health Care .....              | 0                                      | 0       | 0     |
| ProFund VP Industrials.....               | 6,426                                  | 0       | 0     |
| ProFund VP International.....             | 4,332                                  | 0       | 0     |
| ProFund VP Internet.....                  | 0                                      | 0       | 0     |
| ProFund VP Japan.....                     | 4,006                                  | 0       | 0     |
| ProFund VP Large-Cap Growth .....         | 9,199                                  | 0       | 0     |
| ProFund VP Large-Cap Value .....          | 473                                    | 0       | 0     |
| ProFund VP Mid-Cap .....                  | 0                                      | 0       | 0     |
| ProFund VP Mid-Cap Growth.....            | 1,295                                  | 0       | 0     |
| ProFund VP Mid-Cap Value.....             | 0                                      | 0       | 0     |
| ProFund VP Nasdaq-100 .....               | 91,630                                 | 0       | 0     |
| ProFund VP Oil & Gas.....                 | 39,923                                 | 0       | 0     |
| ProFund VP Pharmaceuticals .....          | 27,111                                 | 0       | 0     |
| ProFund VP Precious Metals .....          | 33,895                                 | 0       | 0     |
| ProFund VP Real Estate.....               | 0                                      | 0       | 0     |
| ProFund VP Rising Rates Opportunity ..... | 1,653                                  | 0       | 1,584 |
| ProFund VP Semiconductor .....            | 0                                      | 0       | 0     |
| ProFund VP Short Dow 30.....              | 41                                     | 24      | 10    |
| ProFund VP Short Emerging Markets .....   | 112                                    | 0       | 0     |
| ProFund VP Short International .....      | 51                                     | 0       | 85    |
| ProFund VP Short Mid-Cap.....             | 0                                      | 0       | 0     |
| ProFund VP Short Nasdaq-100.....          | 4,722                                  | 0       | 0     |
| ProFund VP Short Small-Cap .....          | 3,253                                  | 100     | 0     |
| ProFund VP Small-Cap.....                 | 17,244                                 | 0       | 0     |
| ProFund VP Small-Cap Growth .....         | 4,000                                  | 0       | 0     |
| ProFund VP Small-Cap Value .....          | 31,468                                 | 0       | 0     |
| ProFund VP Technology.....                | 0                                      | 0       | 0     |
| ProFund VP Telecommunications.....        | 10,270                                 | 0       | 0     |
| ProFund VP U.S. Government Plus .....     | 30,963                                 | 0       | 0     |
| ProFund VP UltraBull.....                 | 0                                      | 0       | 0     |
| ProFund VP UltraMid-Cap .....             | 5,252                                  | 0       | 0     |
| ProFund VP UltraNasdaq-100 .....          | 54,557                                 | 0       | 0     |
| ProFund VP UltraShort Dow 30.....         | 27                                     | 0       | 0     |
| ProFund VP UltraShort Nasdaq-100.....     | 163                                    | 0       | 0     |
| ProFund VP UltraSmall-Cap .....           | 25,434                                 | 0       | 0     |
| ProFund VP Utilities .....                | 58,338                                 | 0       | 0     |



## PORTFOLIO MANAGEMENT

### PORTFOLIO MANAGER COMPENSATION

ProFund Advisors believes that its compensation program is competitively positioned to attract and retain high-caliber investment professionals. The compensation package for portfolio managers consists of a fixed base salary, an annual incentive bonus opportunity and a competitive benefits package. A portfolio manager's salary compensation is designed to be competitive with the marketplace and reflect a portfolio manager's relative experience and contribution to the firm. Fixed base salary compensation is reviewed and adjusted annually to reflect increases in the cost of living and market rates.

The annual incentive bonus opportunity provides cash bonuses based upon the overall firm's performance and individual contributions. Principal consideration for each portfolio manager is given to appropriate risk management, teamwork and investment support activities in determining the annual bonus amount.

Portfolio managers are eligible to participate in the firm's standard employee benefits programs, which include a competitive 401(k) retirement savings program with employer match, life insurance coverage, and health and welfare programs.

### *Portfolio Manager Ownership*

Listed below for each portfolio manager is a dollar range of securities beneficially owned in each Fund managed by the portfolio manager, together with the aggregate dollar range of equity securities in all registered investment companies in the Fund Complex as of December 31, 2020.

| Name of Portfolio Manager | Dollar Range of Equity Securities in the Funds Managed by the Portfolio Manager | Aggregate Dollar Range of Equity Securities in All Registered Investment Companies in the ProFunds Family |
|---------------------------|---|---|
| Tarak Dave .....          | None  | \$0-\$10,000  |
| Scott Hanson .....        | None  | None  |
| Alexander Ilyasov .....   | None  | None  |
| Michelle Liu.....         | None  | None  |
| Benjamin McAbee.....      | None  | None  |
| Michael Neches .....      | None  | None  |
| Devin Sullivan.....       | None  | None  |

### *Other Accounts Managed by Portfolio Managers*

Portfolio managers are generally responsible for multiple investment company accounts. As described below, certain inherent conflicts of interest arise from the fact that a portfolio manager has responsibility for multiple accounts, including conflicts relating to the allocation of investment opportunities. Listed below for each portfolio manager are the number and type of accounts managed or overseen by such portfolio manager as of December 31, 2020.

| Name of Portfolio Manager | Number of All Registered Investment Companies Managed/Total Assets | Number of All Other Pooled Investment Vehicles Managed/Total Assets | Number of All Other Accounts Managed/Total Assets |
|---------------------------|--|---|---|
| Michael Neches .....      | 159/\$44,021,149,348   | 0/\$0   | 3/\$507,663,347                                   |
| Benjamin McAbee .....     | 11/\$699,272,849   | 6/\$90,781,237  | 2/\$181,971,730                                   |
| Michelle Liu .....        | 13/\$980,154,179   | 0/\$0   | 0/\$0   |
| Scott Hanson.....         | 41/\$966,600,204   | 0/\$0   | 1/\$79,385,835                                    |
| Devin Sullivan .....      | 84/\$38,772,922,505  | 0/\$0   | 3/\$507,663,347                                   |

| <u>Name of Portfolio Manager</u> | <u>Number of All Registered Investment Companies Managed/Total Assets</u> | <u>Number of All Other Pooled Investment Vehicles Managed/Total Assets</u> | <u>Number of All Other Accounts Managed/Total Assets</u> |
|----------------------------------|---|--|--|
| Tarak Dave.....                  | 75/\$5,248,226,843  | 0/\$0  | 0/\$0  |
| Alexander Ilyasov.....           | 67/\$2,712,440,196  | 18/\$4,431,466,600   | 3/\$261,357,565  |
| James Linneman .....             | 2/\$66,412,963  | 12/\$4,340,685,363   | 0/\$0  |

***Conflicts of Interest***

In the course of providing advisory services, ProFund Advisors may simultaneously recommend the sale of a particular security for one account while recommending the purchase of the same security for another account if such recommendations are consistent with each client’s investment strategies. ProFund Advisors also may recommend the purchase or sale of securities that may also be recommended by ProShare Advisors LLC, an affiliate of ProFund Advisors.

ProFund Advisors, its principals, officers and employees (and members of their families) and affiliates may participate directly or indirectly as investors in ProFund Advisors’ clients, such as a Fund. Thus ProFund Advisors may recommend to clients the purchase or sale of securities in which it, or its officers, employees or related persons have a financial interest. ProFund Advisors may give advice and take actions in the performance of its duties to its clients that differ from the advice given or the timing and nature of actions taken, with respect to other clients’ accounts and/or employees’ accounts that may invest in some of the same securities recommended to clients.

In addition, ProFund Advisors, its affiliates and principals may trade for their own accounts. Consequently, non-customer and proprietary trades may be executed and cleared through any prime broker or other broker utilized by clients. It is possible that officers or employees of ProFund Advisors may buy or sell securities or other instruments that ProFund Advisors has recommended to, or purchased for, its clients and may engage in transactions for their own accounts in a manner that is inconsistent with ProFund Advisors’ recommendations to a client. Personal securities transactions by employees may raise potential conflicts of interest when such persons trade in a security that is owned by, or considered for purchase or sale for, a client. ProFund Advisors has adopted policies and procedures designed to detect and prevent such conflicts of interest and, when they do arise, to ensure that it effects transactions for clients in a manner that is consistent with its fiduciary duty to its clients and in accordance with applicable law.

Any “access person” of ProFund Advisors, (as defined under the 1940 Act and the Investment Advisers Act of 1940 (the “Advisers Act”)), may make security purchases subject to the terms of the ProFund Advisors Code of Ethics that are consistent with the requirements of Rule 17j-1 under the 1940 Act and Rule 204A-1 under the Advisers Act.

ProFund Advisors and its affiliated persons may come into possession from time to time of material nonpublic and other confidential information about companies which, if disclosed, might affect an investor’s decision to buy, sell, or hold a security. Under applicable law, ProFund Advisors and its affiliated persons would be prohibited from improperly disclosing or using this information for their personal benefit or for the benefit of any person, regardless of whether the person is a client of ProFund Advisors. Accordingly, should ProFund Advisors or any affiliated person come into possession of material nonpublic or other confidential information with respect to any company, ProFund Advisors and its affiliated persons will have no responsibility or liability for failing to disclose the information to clients as a result of following its policies and procedures designed to comply with applicable law.

**REGISTRATION AS A COMMODITY POOL OPERATOR**

In connection with its management of Commodity Pools, ProFund Advisors has registered as a commodity pool operator (a “CPO”) and the Commodity Pools are commodity pools under the Commodity Exchange Act (the “CEA”). Accordingly, with respect to the Commodity Pools, ProFund Advisors is subject to registration and regulation as a CPO under the CEA, and must comply with various regulatory requirements

under the CEA and the rules and regulations of the CFTC and the National Futures Association (“NFA”), including disclosure requirements and reporting and recordkeeping requirements. ProFund Advisors is also subject to periodic inspections and audits by the NFA. Compliance with these regulatory requirements could adversely affect the Commodity Pools’ total return. In this regard, any further amendment to the CEA or its related regulations that subject ProFund Advisors or the Commodity Pools to additional regulation may have adverse impacts on the Commodity Pools’ operations and expenses. While ProFund Advisors is registered as a CPO, with respect to the Excluded Pools, ProFund Advisors has filed a claim of exclusion from the definition of the term “commodity pool operator” under the CEA, pursuant to CFTC Rule 4.5 (the “Exclusion”) and therefore, ProFund Advisors is not subject to registration or regulation as a CPO under the CEA with respect to the Excluded Pools. In order to remain eligible for the Exclusion, each of the Excluded Pool will be limited in its ability to use certain financial instruments including futures, options on futures and certain swaps and will be limited in the manner in which it holds out its use of such instruments.

## OTHER SERVICE PROVIDERS

### ADMINISTRATOR, TRANSFER AGENT AND FUND ACCOUNTING AGENT

Citi Fund Services Ohio, Inc. (“Citi” or the “Administrator”), 4400 Easton Commons, Suite 200, Columbus, Ohio 43219, is an indirect wholly owned subsidiary of Citibank, N.A. and acts as the administrator to the Trust. The Administrator provides the Trust with all required general administrative services, including, but not limited to, office space, equipment, and personnel; clerical and general back office services; bookkeeping, internal accounting, and secretarial services; the determination of NAVs; and the preparation and filing of reports, registration statements, proxy statements, and all other materials required to be filed or furnished by the Trust under federal and state securities laws.

The Administrator also maintains the shareholder account records for each Fund, distributes dividends and distributions payable by each series of the Trust, and produces statements with respect to account activity for each series of the Trust and their shareholders. The Administrator pays all fees and expenses that are directly related to the services provided by the Administrator; each series reimburses the Administrator for all fees and expenses incurred by the Administrator that are not directly related to the services the Administrator provides to each series under the service agreement. Each series may also reimburse the Administrator for such out-of-pocket expenses as incurred by the Administrator in the performance of its duties.

The Trust pays Citi an annual fee for its services as Administrator based on the aggregate average net assets of all series of the Trust. This fee ranges from 0.05% of the Trust’s average monthly net assets up to \$2 billion to 0.00375% of the Trust’s average monthly net assets in excess of \$10 billion on an annual basis and a base fee for certain filings. Administration fees include additional fees paid to Citi by the Trust for support of the Compliance Service Program.

For the fiscal years ended December 31, 2018, December 31, 2019, and December 31, 2020, Citi, as Administrator, was entitled to administration fees in the following amounts:

|  | ADMINISTRATION FEES |          |           |
|--|---------------------|----------|-----------|
|  | 2018                | 2019     | 2020      |
| ProFund VP Asia 30 .....                 | \$14,160            | \$20,525 | \$ 21,926 |
| ProFund VP Banks .....                   | 6,011               | 6,401    | 4,445     |
| ProFund VP Basic Materials .....         | 9,856               | 10,125   | 10,219    |
| ProFund VP Bear .....                    | 2,257               | 3,701    | 4,135     |
| ProFund VP Biotechnology .....           | 35,775              | 47,186   | 53,539    |
| ProFund VP Bull .....                    | 39,473              | 52,444   | 53,579    |
| ProFund VP Consumer Goods .....          | 6,746               | 9,424    | 12,675    |
| ProFund VP Consumer Services .....       | 16,792              | 24,276   | 23,905    |
| ProFund VP Dow 30 .....                  | 258                 | 313      | 367       |
| ProFund VP Emerging Markets .....        | 12,325              | 17,056   | 17,667    |
| ProFund VP Europe 30 .....               | 13,186              | 17,056   | 13,672    |
| ProFund VP Falling U.S. Dollar .....     | 361                 | 379      | 541       |
| ProFund VP Financials .....              | 22,577              | 28,775   | 23,785    |
| ProFund VP Government Money Market ..... | 66,517              | 65,329   | 43,156    |
| ProFund VP Health Care .....             | 29,466              | 40,941   | 44,241    |
| ProFund VP Industrials .....             | 11,513              | 13,610   | 11,856    |
| ProFund VP International .....           | 4,341               | 4,974    | 4,497     |
| ProFund VP Internet .....                | 13,518              | 16,657   | 18,624    |
| ProFund VP Japan .....                   | 5,707               | 6,982    | 6,986     |
| ProFund VP Large-Cap Growth .....        | 17,777              | 22,598   | 24,695    |
| ProFund VP Large-Cap Value .....         | 9,655               | 14,957   | 12,896    |
| ProFund VP Mid-Cap .....                 | 9,257               | 12,068   | 7,906     |
| ProFund VP Mid-Cap Growth .....          | 12,628              | 15,837   | 15,390    |
| ProFund VP Mid-Cap Value .....           | 8,329               | 12,417   | 9,513     |
| ProFund VP Nasdaq-100 .....              | 43,439              | 73,884   | 110,520   |

|   | <b>ADMINISTRATION FEES</b> |             |             |
|---|----------------------------|-------------|-------------|
|   | <b>2018</b>                | <b>2019</b> | <b>2020</b> |
| ProFund VP Oil & Gas .....                | 20,059                     | 21,954      | 16,666      |
| ProFund VP Pharmaceuticals .....          | 8,133                      | 10,994      | 12,285      |
| ProFund VP Precious Metals .....          | 10,572                     | 19,684      | 31,129      |
| ProFund VP Real Estate .....              | 5,588                      | 14,724      | 9,424       |
| ProFund VP Rising Rates Opportunity ..... | 6,371                      | 6,407       | 4,078       |
| ProFund VP Semiconductor .....            | 4,818                      | 6,887       | 8,713       |
| ProFund VP Short Dow 30 .....             | 9                          | 10          | 94          |
| ProFund VP Short Emerging Markets .....   | 976                        | 882         | 1,200       |
| ProFund VP Short International .....      | 519                        | 646         | 874         |
| ProFund VP Short Mid-Cap .....            | 151                        | 172         | 269         |
| ProFund VP Short Nasdaq-100 .....         | 1,610                      | 3,114       | 6,395       |
| ProFund VP Short Small-Cap .....          | 1,163                      | 1,851       | 1,984       |
| ProFund VP Small-Cap .....                | 8,480                      | 9,801       | 9,124       |
| ProFund VP Small-Cap Growth .....         | 14,953                     | 16,156      | 15,442      |
| ProFund VP Small-Cap Value .....          | 14,100                     | 15,615      | 12,900      |
| ProFund VP Technology .....               | 17,804                     | 25,627      | 34,323      |
| ProFund VP Telecommunications .....       | 3,286                      | 5,820       | 5,468       |
| ProFund VP U.S. Government Plus .....     | 9,597                      | 17,985      | 26,789      |
| ProFund VP UltraBull .....                | 15,999                     | 23,533      | 15,071      |
| ProFund VP UltraMid-Cap .....             | 13,159                     | 15,850      | 9,376       |
| ProFund VP UltraNasdaq-100 .....          | 63,071                     | 92,069      | 118,356     |
| ProFund VP UltraShort Dow 30 .....        | 11                         | 15          | 15          |
| ProFund VP UltraShort Nasdaq-100 .....    | 438                        | 1,139       | 1,735       |
| ProFund VP UltraSmall-Cap .....           | 14,861                     | 18,618      | 12,712      |
| ProFund VP Utilities .....                | 18,875                     | 34,847      | 32,518      |

Pursuant to a Transfer Agreement between affiliates of FIS Investment Systems LLC and Citi, dated December 19, 2014, FIS Investor Services LLC (“FIS”) acts as transfer agent for each series of the Trust in exchange for fees. The principal business address of FIS is 4249 Easton Way, Suite 400, Columbus, OH 43219. Since April 1, 2015, FIS has acted as transfer agent for each series of the Trust in exchange for fees. As transfer agent, FIS maintains the shareholder account records, distributes distributions payable by each series, and produces statements with respect to account activity for each series and their shareholders. Citi also acts as fund accounting agent for each series of the Trust. The Trust pays Citi an annual base fee, plus asset based fees and reimbursement of certain expenses, for its services as fund accounting agent. The asset based fees range from 0.03% of the Trust’s average monthly net assets up to \$1 billion to 0.00375% of the Trust’s average monthly net assets in excess of \$10 billion, on an annual basis.

For the fiscal years ended December 31, 2018, December 31, 2019, and December 31, 2020, Citi, as fund accounting agent, was paid fees in the following amounts:

|                                      | <b>FUND ACCOUNTING FEES</b> |             |             |
|--------------------------------------|-----------------------------|-------------|-------------|
|                                      | <b>2018</b>                 | <b>2019</b> | <b>2020</b> |
| ProFund VP Asia 30 .....             | \$11,523                    | \$11,809    | \$12,399    |
| ProFund VP Banks .....               | 5,243                       | 3,893       | 2,566       |
| ProFund VP Basic Materials .....     | 8,259                       | 5,960       | 5,883       |
| ProFund VP Bear .....                | 1,704                       | 2,124       | 2,374       |
| ProFund VP Biotechnology .....       | 27,690                      | 27,124      | 29,583      |
| ProFund VP Bull .....                | 33,532                      | 31,633      | 31,139      |
| ProFund VP Consumer Goods .....      | 6,012                       | 5,732       | 7,408       |
| ProFund VP Consumer Services .....   | 13,655                      | 14,314      | 13,756      |
| ProFund VP Dow 30 .....              | 210                         | 185         | 218         |
| ProFund VP Emerging Markets .....    | 10,427                      | 9,921       | 10,104      |
| ProFund VP Europe 30 .....           | 10,579                      | 9,868       | 7,580       |
| ProFund VP Falling U.S. Dollar ..... | 292                         | 213         | 307         |
| ProFund VP Financials .....          | 19,441                      | 17,335      | 13,908      |

|  | <b>FUND ACCOUNTING FEES</b> |             |             |
|--|-----------------------------|-------------|-------------|
|  | <b>2018</b>                 | <b>2019</b> | <b>2020</b> |
| ProFund VP Government Money Market.....  | 76,257                      | 80,202      | 53,952      |
| ProFund VP Health Care.....              | 22,914                      | 23,782      | 24,795      |
| ProFund VP Industrials.....              | 10,818                      | 8,448       | 7,222       |
| ProFund VP International.....            | 3,430                       | 2,993       | 2,708       |
| ProFund VP Internet.....                 | 10,276                      | 9,534       | 10,472      |
| ProFund VP Japan.....                    | 4,436                       | 4,058       | 3,864       |
| ProFund VP Large-Cap Growth.....         | 15,473                      | 13,810      | 14,610      |
| ProFund VP Large-Cap Value.....          | 9,777                       | 9,878       | 8,325       |
| ProFund VP Mid-Cap.....                  | 8,347                       | 6,798       | 4,311       |
| ProFund VP Mid-Cap Growth.....           | 11,360                      | 9,809       | 9,287       |
| ProFund VP Mid-Cap Value.....            | 8,138                       | 8,061       | 6,209       |
| ProFund VP Nasdaq-100.....               | 33,538                      | 42,411      | 61,687      |
| ProFund VP Oil & Gas.....                | 15,951                      | 12,736      | 9,135       |
| ProFund VP Pharmaceuticals.....          | 6,259                       | 6,410       | 6,974       |
| ProFund VP Precious Metals.....          | 8,315                       | 11,870      | 18,878      |
| ProFund VP Real Estate.....              | 4,952                       | 8,716       | 5,462       |
| ProFund VP Rising Rates Opportunity..... | 4,873                       | 3,660       | 2,230       |
| ProFund VP Semiconductor.....            | 3,988                       | 4,042       | 4,912       |
| ProFund VP Short Dow 30.....             | 7                           | 6           | 48          |
| ProFund VP Short Emerging Markets.....   | 669                         | 531         | 701         |
| ProFund VP Short International.....      | 359                         | 385         | 528         |
| ProFund VP Short Mid-Cap.....            | 108                         | 103         | 175         |
| ProFund VP Short Nasdaq-100.....         | 1,210                       | 1,754       | 3,675       |
| ProFund VP Short Small-Cap.....          | 862                         | 1,060       | 1,098       |
| ProFund VP Small-Cap.....                | 13,496                      | 9,480       | 10,343      |
| ProFund VP Small-Cap Growth.....         | 13,239                      | 10,306      | 9,664       |
| ProFund VP Small-Cap Value.....          | 13,343                      | 10,401      | 8,610       |
| ProFund VP Technology.....               | 14,221                      | 15,068      | 19,642      |
| ProFund VP Telecommunications.....       | 2,583                       | 3,433       | 3,165       |
| ProFund VP U.S. Government Plus.....     | 7,419                       | 10,178      | 14,769      |
| ProFund VP UltraBull.....                | 15,408                      | 14,901      | 10,096      |
| ProFund VP UltraMid-Cap.....             | 12,625                      | 10,355      | 6,418       |
| ProFund VP UltraNasdaq-100.....          | 48,317                      | 52,362      | 66,942      |
| ProFund VP UltraShort Dow 30.....        | 9                           | 11          | 9           |
| ProFund VP UltraShort Nasdaq-100.....    | 290                         | 617         | 997         |
| ProFund VP UltraSmall-Cap.....           | 18,606                      | 14,480      | 12,287      |
| ProFund VP Utilities.....                | 14,419                      | 20,004      | 18,171      |

## **CUSTODIAN**

UMB Bank, N.A. acts as Custodian to the Trust. UMB Bank, N.A.'s address is 928 Grand Avenue, Kansas City, Missouri, 64106.

For each series of the Trust, the Custodian, among other things, maintains a custody account or accounts in the name of each series; receives and delivers all assets for each series upon purchase and upon sale or maturity; collects and receives all income and other payments and distributions on account of the assets of each series and pays all expenses of each series. For its services, the Custodian receives an asset-based fee and reimbursement of certain expenses.

## **INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

PricewaterhouseCoopers LLP ("PwC") serves as independent registered public accounting firm and provides audit services, tax return preparation and assistance, and audit-related services in connection with certain SEC filings. PwC's address is 100 East Pratt Street, Suite 1900, Baltimore, MD 21202.



## LEGAL COUNSEL

Ropes & Gray LLP serves as counsel to each Fund. The firm's address is Prudential Tower, 800 Boylston Street, Boston, MA 02199.

## SECURITIES LENDING AGENT

BMO Harris Bank N.A. serves as the securities lending agent to the Trust. For fiscal year ended December 31, 2020, the income, fees and compensation related to the Trust's securities lending activities of each Fund are set forth below.

| <u>Fund Name</u>                 | <u>Gross Income<br/>from<br/>Securities<br/>Lending<br/>Activity</u> | <u>Securities<br/>Lending<br/>Revenue Paid to<br/>Agent</u> | <u>Rebate<br/>(Paid to<br/>Borrower)</u> | <u>Aggregate Fees/<br/>Compensation<br/>for<br/>Securities<br/>Lending<br/>Activity</u> | <u>Net Income<br/>From Securities<br/>Lending Activity</u> |
|----------------------------------|--|---|--|---|--|
| ProFund VP Asia 30.....          | \$ 5,013   | \$1,140   | \$ 0                                     | \$1,140   | \$3,873  |
| ProFund VP Banks .....           | 8  | 2   | 0  | 2   | 6  |
| ProFund VP Basic Materials ..... | 2,532  | 580   | 0  | 580   | 1,952  |
| ProFund VP Biotechnology .....   | 146  | 35  | 0  | 35  | 111  |
| ProFund VP Bull .....            | 594  | 133   | 0  | 133   | 461  |
| ProFund VP Consumer Goods ....   | 70   | 15  | 0  | 15  | 55   |
| ProFund VP Consumer Services...  | 1,438  | 303   | 0  | 303   | 1,135  |
| ProFund VP Emerging Markets ...  | 968  | 204   | 0  | 204   | 764  |
| ProFund VP Europe 30 .....       | 4,543  | 1,063   | 0  | 1,063   | 3,480  |
| ProFund VP Financials .....      | 246  | 52  | 0  | 52  | 194  |
| ProFund VP Health Care.....      | 650  | 144   | 2  | 146   | 504  |
| ProFund VP Industrials .....     | 94   | 22  | 0  | 22  | 72   |
| ProFund VP Internet.....         | 78   | 20  | 0  | 20  | 58   |
| ProFund VP Large-Cap Growth ...  | 47   | 11  | 0  | 11  | 36   |
| ProFund VP Large-Cap Value.....  | 475  | 101   | 0  | 101   | 374  |
| ProFund VP Mid-Cap Growth.....   | 315  | 72  | 0  | 72  | 243  |
| ProFund VP Mid-Cap Value .....   | 1,272  | 270   | 0  | 270   | 1,002  |
| ProFund VP Nasdaq-100.....       | 650  | 159   | 0  | 159   | 491  |
| ProFund VP Oil & Gas .....       | 304  | 70  | 0  | 70  | 234  |
| ProFund VP Pharmaceuticals.....  | 1,678  | 345   | 0  | 345   | 1,333  |
| ProFund VP Real Estate .....     | 208  | 43  | 0  | 43  | 165  |
| ProFund VP Small-Cap .....       | 2,168  | 432   | 0  | 432   | 1,736  |
| ProFund VP Small-Cap Growth ...  | 2,328  | 500   | 0  | 500   | 1,828  |
| ProFund VP Small-Cap Value.....  | 11,482   | 2,356   | 0  | 2,356   | 9,126  |
| ProFund VP Technology .....      | 629  | 128   | 0  | 128   | 501  |
| ProFund VP Telecommunications .  | 561  | 113   | 0  | 113   | 448  |
| ProFund VP UltraBull .....       | 187  | 38  | 0  | 38  | 149  |
| ProFund VP UltraMid-Cap.....     | 427  | 88  | 0  | 88  | 339  |
| ProFund VP UltraNasdaq-100.....  | 554  | 136   | 0  | 136   | 418  |
| ProFund VP UltraSmall-Cap .....  | 3,385  | 677   | 0  | 677   | 2,708  |
| ProFund VP Utilities .....       | 3  | 1   | 0  | 1   | 2  |

A Fund does not pay any separate cash collateral management services fees, administrative fees, fees for indemnification or other fees not reflected above for securities lending activities. Earnings from cash collateral investments received by the securities lending agent are included in the Revenue Split.

## ADMINISTRATIVE SERVICES

The Trust, on behalf of each Fund, may enter into administrative services agreements with insurance companies pursuant to which the insurance companies will provide administrative services with respect to each Fund. These services may include, but are not limited to: coordinating matters relating to the operation of an insurer's separate account with each Fund, including necessary coordination with other service providers; coordinating the preparation of necessary documents to be submitted to regulatory authorities; providing assistance to variable contract owners who use or intend to use a Fund as funding vehicles for their variable contracts; coordinating with the Advisor regarding investment limitations and parameters to which each Fund is subject; generally assisting with compliance with applicable regulatory requirements, responding to ministerial inquiries concerning the Fund's investment objectives, investment programs, policies and performance; transmitting, on behalf of each Fund, proxy statements, annual reports, updated prospectuses, and other communications regarding a Fund; and providing any related services as a Fund or its investors may reasonably request. Because of the relatively higher volume of transactions in each Fund, generally, each Fund is authorized to pay higher administrative service fees than might be the case for more traditional mutual funds. To the extent any of these fees are paid by a Fund, they are included in the amount appearing opposite the caption "Other Expenses" under "Annual Fund Operating Expenses" in the expense tables contained in the Prospectus. In addition, the Advisor or Distributor may compensate such financial intermediaries or their agents directly or indirectly for such services.

Compensation paid by the Advisor or Distributor out of their own resources for such services is not reflected in the fees and expenses outlined in the fee table for each Fund.

For these services, the Trust may pay each insurer a quarterly fee equal on an annual basis to up to 0.35% of the average daily net assets of each Fund that are invested in such Fund through the insurer's separate account, or an annual fee that may vary depending upon the number of investors that utilize a Fund as the funding medium for their contracts. The insurance company may impose other account or service charges. See the Prospectus for the separate account of the insurance company for additional information regarding such charges.

For the fiscal years ended December 31, 2018, December 31, 2019, and December 31, 2020, the following administrative services fees were paid:

|  | ADMINISTRATIVE SERVICES FEES |           |           |
|--|------------------------------|-----------|-----------|
|  | 2018                         | 2019      | 2020      |
| ProFund VP Asia 30 .....                 | \$ 62,245                    | \$ 52,426 | \$ 51,955 |
| ProFund VP Banks .....                   | 33,084                       | 21,100    | 13,651    |
| ProFund VP Basic Materials .....         | 52,968                       | 33,686    | 31,108    |
| ProFund VP Bear .....                    | 11,821                       | 12,479    | 13,019    |
| ProFund VP Biotechnology .....           | 123,607                      | 102,338   | 108,382   |
| ProFund VP Bull .....                    | 187,532                      | 162,114   | 148,674   |
| ProFund VP Consumer Goods .....          | 39,298                       | 33,502    | 41,943    |
| ProFund VP Consumer Services .....       | 81,732                       | 78,282    | 73,058    |
| ProFund VP Dow 30 .....                  | 387                          | 332       | 513       |
| ProFund VP Emerging Markets .....        | 58,043                       | 47,754    | 47,294    |
| ProFund VP Europe 30 .....               | 63,228                       | 49,575    | 36,269    |
| ProFund VP Falling U.S. Dollar .....     | 1,735                        | 1,069     | 1,417     |
| ProFund VP Financials .....              | 113,405                      | 90,092    | 68,905    |
| ProFund VP Government Money Market ..... | 0                            | 0         | 0         |
| ProFund VP Health Care .....             | 142,564                      | 131,441   | 129,535   |
| ProFund VP Industrials .....             | 63,432                       | 45,667    | 38,072    |
| ProFund VP International .....           | 18,837                       | 14,400    | 12,597    |
| ProFund VP Internet .....                | 61,814                       | 50,257    | 52,356    |
| ProFund VP Japan .....                   | 30,229                       | 24,362    | 22,030    |
| ProFund VP Large-Cap Growth .....        | 94,384                       | 78,412    | 78,803    |
| ProFund VP Large-Cap Value .....         | 55,871                       | 53,540    | 42,908    |

|   | <b>ADMINISTRATIVE SERVICES FEES</b> |             |             |
|---|-------------------------------------|-------------|-------------|
|   | <b>2018</b>                         | <b>2019</b> | <b>2020</b> |
| ProFund VP Mid-Cap .....                  | 45,827                              | 32,292      | 20,474      |
| ProFund VP Mid-Cap Growth .....           | 78,317                              | 62,593      | 54,776      |
| ProFund VP Mid-Cap Value .....            | 51,048                              | 46,904      | 35,021      |
| ProFund VP Nasdaq-100 .....               | 206,057                             | 221,577     | 305,761     |
| ProFund VP Oil & Gas .....                | 100,922                             | 69,856      | 46,945      |
| ProFund VP Pharmaceuticals .....          | 42,839                              | 33,979      | 35,018      |
| ProFund VP Precious Metals .....          | 57,572                              | 69,077      | 102,484     |
| ProFund VP Real Estate .....              | 30,910                              | 47,518      | 30,287      |
| ProFund VP Rising Rates Opportunity ..... | 26,689                              | 17,107      | 9,452       |
| ProFund VP Semiconductor .....            | 23,698                              | 20,912      | 24,587      |
| ProFund VP Short Dow 30 .....             | 12                                  | 8           | 212         |
| ProFund VP Short Emerging Markets .....   | 3,538                               | 2,507       | 3,026       |
| ProFund VP Short International .....      | 1,952                               | 1,735       | 2,213       |
| ProFund VP Short Mid-Cap .....            | 622                                 | 510         | 763         |
| ProFund VP Short Nasdaq-100 .....         | 7,467                               | 8,912       | 16,714      |
| ProFund VP Short Small-Cap .....          | 5,276                               | 5,612       | 5,097       |
| ProFund VP Small-Cap .....                | 32,984                              | 25,475      | 22,932      |
| ProFund VP Small-Cap Growth .....         | 79,824                              | 56,010      | 48,018      |
| ProFund VP Small-Cap Value .....          | 72,230                              | 50,855      | 39,724      |
| ProFund VP Technology .....               | 60,958                              | 56,774      | 73,361      |
| ProFund VP Telecommunications .....       | 20,545                              | 20,019      | 17,638      |
| ProFund VP U.S. Government Plus .....     | 45,644                              | 54,376      | 74,811      |
| ProFund VP UltraBull .....                | 45,701                              | 41,090      | 36,267      |
| ProFund VP UltraMid-Cap .....             | 65,972                              | 48,986      | 29,826      |
| ProFund VP UltraNasdaq-100 .....          | 318,738                             | 295,914     | 360,360     |
| ProFund VP UltraShort Dow 30 .....        | 18                                  | 24          | 4           |
| ProFund VP UltraShort Nasdaq-100 .....    | 1,343                               | 2,532       | 3,674       |
| ProFund VP UltraSmall-Cap .....           | 69,203                              | 55,998      | 38,406      |
| ProFund VP Utilities .....                | 98,706                              | 115,025     | 102,602     |

For the fiscal years ended December 31, 2018, December 31, 2019, and December 31, 2020, the Advisor paid, out of its own resources, \$0, \$0, and \$0 respectively, to administrative service providers.

## **DISTRIBUTION OF FUND SHARES**

### **DISTRIBUTOR**

The Distributor, a wholly-owned subsidiary of the Advisor serves as the distributor and principal underwriter in all fifty states, the District of Columbia and Puerto Rico and offers shares of each Fund on a continuous basis. Its address is 7501 Wisconsin Avenue, Suite 1000E, Bethesda, Maryland 20814. The Distributor has no role in determining the investment policies of the Trust or which securities are to be purchased or sold by the Trust.

### **DISTRIBUTION AND SERVICE PLAN**

Pursuant to a plan adopted pursuant to Rule 12b-1 under the 1940 Act (“Distribution Plan”), the Funds may compensate financial intermediaries from their assets for services rendered and expenses borne in connection with activities primarily intended to result in the sale of shares of the Funds. It is anticipated that a portion of the amounts paid by the Funds will be used to defray various costs incurred in connection with the printing and mailing of prospectuses, statements of additional information, and any supplements thereto and shareholder reports, and holding seminars and sales meetings with wholesale and retail sales personnel designed to promote the distribution of the shares. The Funds also may reimburse or compensate financial intermediaries and third-party broker-dealers for their services in connection with the distribution of the shares of the Funds.

The Distribution Plan provides that the Trust, on behalf of each Fund, will pay annually 0.25% of the average daily net assets of a Fund in respect of activities primarily intended to result in the sale of its shares. Under the terms of the Distribution Plan and related agreements, each Fund is authorized to make quarterly payments that may be used to compensate entities providing distribution services with respect to the shares of the Fund for such entities' fees or expenses incurred or paid in that regard.

The Distribution Plan is of a type known as a “compensation” plan because payments may be made for services rendered to the Funds regardless of the level of expenditures by the financial intermediaries. The Trustees will, however, take into account such expenditures for purposes of reviewing operations under the Distribution Plan in connection with their annual consideration of the Distribution Plan’s renewal. Expenditures under the Distribution Plan may include, without limitation: (a) the printing and mailing of Funds prospectuses, statements of additional information, any supplements thereto and shareholder reports for prospective investors; (b) those relating to the development, preparation, printing and mailing of advertisements, sales literature and other promotional materials describing and/or relating to the Funds; (c) holding seminars and sales meetings designed to promote the distribution of the Funds shares; (d) obtaining information and providing explanations to wholesale and retail distributors of contracts regarding the investment objectives and policies and other information about the Funds, including the performance of the Funds; (e) training sales personnel regarding the Funds; and (f) financing any other activity that is primarily intended to result in the sale of shares of the Funds. In addition, a financial intermediary may enter into an agreement with the Trust under which it would be entitled to receive compensation for, among other things, making the Funds available to its contract owners as a funding vehicle for variable insurance contracts.

The Distribution Plan and any related agreement that is entered into by the Trust in connection with the Distribution Plan will continue from year-to-year only so long as continuance is specifically approved at least annually by a vote of a majority of the Board of Trustees, and of a majority of the Trustees who are not “interested persons” of the Trust and who have no financial interest in the operation of the Distribution Plan or any related agreement (the “Independent Trustees”), cast in person at a meeting called for the purpose of voting on the Distribution Plan or any related agreement, as applicable. In addition, the Distribution Plan and any related agreement may be terminated as to a Fund at any time, without penalty, by vote of a majority of the outstanding shares of the Fund or by vote of a majority of the Independent Trustees. The Distribution Plan also provides that it may not be amended to increase materially the amount (0.25% of average daily net assets annually) that may be spent for distribution of shares of the Fund without the approval of shareholders of the Fund.

For the fiscal year ended December 31, 2020, fees were paid under the Distribution Plan to authorized financial intermediaries in the following amounts:

|   | <u>Paid</u> | <u>Waived</u> |
|---|-------------|---------------|
| ProFund VP Asia 30.....                 | \$61,209    | \$ 0          |
| ProFund VP Banks .....                  | 11,859      | 0             |
| ProFund VP Basic Materials.....         | 28,491      | 0             |
| ProFund VP Bear .....                   | 11,337      | 0             |
| ProFund VP Biotechnology.....           | 147,324     | 0             |
| ProFund VP Bull .....                   | 145,935     | 0             |
| ProFund VP Consumer Goods.....          | 35,205      | 0             |
| ProFund VP Consumer Services.....       | 65,953      | 0             |
| ProFund VP Dow 30 .....                 | 1,104       | 0             |
| ProFund VP Emerging Markets.....        | 50,033      | 0             |
| ProFund VP Europe 30 .....              | 37,161      | 0             |
| ProFund VP Falling U.S. Dollar.....     | 1,545       | 0             |
| ProFund VP Financials .....             | 64,488      | 0             |
| ProFund VP Government Money Market..... | 0           | 0             |

|  | <u>Paid</u> | <u>Waived</u> |
|--|-------------|---------------|
| ProFund VP Health Care .....             | 120,192     | 0             |
| ProFund VP Industrials .....             | 32,901      | 0             |
| ProFund VP International.....            | 13,147      | 0             |
| ProFund VP Internet.....                 | 51,207      | 0             |
| ProFund VP Japan.....                    | 19,182      | 0             |
| ProFund VP Large-Cap Growth .....        | 67,652      | 0             |
| ProFund VP Large-Cap Value .....         | 35,004      | 0             |
| ProFund VP Mid-Cap.....                  | 21,284      | 0             |
| ProFund VP Mid-Cap Growth .....          | 42,319      | 0             |
| ProFund VP Mid-Cap Value .....           | 26,051      | 0             |
| ProFund VP Nasdaq-100 .....              | 305,469     | 0             |
| ProFund VP Oil & Gas.....                | 44,375      | 0             |
| ProFund VP Pharmaceuticals .....         | 33,690      | 0             |
| ProFund VP Precious Metals .....         | 92,794      | 0             |
| ProFund VP Real Estate .....             | 25,375      | 0             |
| ProFund VP Rising Rates Opportunity..... | 11,181      | 0             |
| ProFund VP Semiconductor .....           | 24,033      | 0             |
| ProFund VP Short Dow 30 .....            | 232         | 0             |
| ProFund VP Short Emerging Markets .....  | 3,251       | 0             |
| ProFund VP Short International.....      | 2,476       | 0             |
| ProFund VP Short Mid-Cap .....           | 782         | 0             |
| ProFund VP Short Nasdaq-100 .....        | 17,392      | 0             |
| ProFund VP Short Small-Cap.....          | 5,184       | 0             |
| ProFund VP Small-Cap .....               | 25,999      | 0             |
| ProFund VP Small-Cap Growth .....        | 42,437      | 0             |
| ProFund VP Small-Cap Value .....         | 35,496      | 0             |
| ProFund VP Technology.....               | 94,735      | 0             |
| ProFund VP Telecommunications.....       | 14,967      | 0             |
| ProFund VP U.S. Government Plus.....     | 70,989      | 0             |
| ProFund VP UltraBull .....               | 42,872      | 0             |
| ProFund VP UltraMid-Cap .....            | 25,702      | 0             |
| ProFund VP UltraNasdaq-100 .....         | 336,714     | 0             |
| ProFund VP UltraShort Dow 30.....        | 46          | 0             |
| ProFund VP UltraShort Nasdaq-100.....    | 4,670       | 0             |
| ProFund VP UltraSmall-Cap.....           | 35,683      | 0             |
| ProFund VP Utilities .....               | 88,869      | 0             |

## OTHER MATTERS

### COSTS AND EXPENSES

Each Fund bears all expenses of its operations other than those assumed by the Advisor or the Administrator. Fund expenses include, but are not limited to: the investment advisory fee; the management services fee; administrative fees, transfer agency fees and shareholder servicing fees; compliance service fees; anti-money laundering administration fees; custodian and accounting fees and expenses; principal financial officer/treasurer services fees; brokerage and transaction fees; legal and auditing fees; securities valuation expenses; fidelity bonds and other insurance premiums; expenses of preparing and printing prospectuses, proxy statements, and shareholder reports and notices; registration fees and expenses; proxy and annual

meeting expenses, if any; licensing fees; all federal, state, and local taxes (including, without limitation, stamp, excise, income, and franchise taxes); organizational costs; and Independent Trustees' fees and expenses.

### **PAYMENTS TO THIRD PARTIES FROM THE ADVISOR AND/OR DISTRIBUTOR**

As disclosed in the Prospectus, the Advisor and the Distributor may from time to time pay significant amounts to financial firms in connection with the sale or servicing of a Fund and for other services such as those described in the Prospectus. This information is provided in order to assist broker-dealers in satisfying certain requirements of Rule 10b-10 under the Securities Exchange Act of 1934, as amended, which provides that broker-dealers must provide information to customers regarding any remuneration they receive in connection with a sales transaction. You should consult your financial advisor and review carefully any disclosure by the financial firm as to compensation received by your financial advisor.

In addition, the Advisor, the Distributor and their affiliates may from time to time make additional payments such as cash bonuses or provide other incentives to selected financial firms as compensation for services (including preferential services) such as, without limitation, paying for active asset allocation services provided to investors in a Fund; providing a Fund with "shelf space" or a higher profile with the financial firms' financial consultants and their customers; placing a Fund on the financial firms' preferred or recommended fund list or otherwise identifying a Fund as being part of a complex to be accorded a higher degree of marketing support than complexes not making such payments; granting the Advisor or Distributor access to the financial firms' financial consultants (including through the firms' intranet websites) in order to promote a Fund; promoting communications with financial firms' customers such as in the firms' internet websites or in customer newsletters; providing assistance in training and educating the financial firms' personnel; and furnishing marketing support for a Fund and other specified services. These payments may be significant to the financial firms and may also take the form of sponsorship of seminars or informational meetings or payment for attendance by persons associated with the financial firms at seminars or informational meetings.

A number of factors will be considered in determining the amount of these additional payments to financial firms. On some occasions, such payments may be conditioned upon levels of sales, including the sale of a specified minimum dollar amount of the shares of a Fund, other funds sponsored by the Advisor and its affiliates together and/or a particular class of shares, during a specified period of time.

The Distributor and the Advisor may also make payments to one or more participating financial firms based upon factors such as the amount of assets a financial firm's clients have invested in a Fund and the quality of the financial firm's relationship with the Distributor or the Advisor and their affiliates.

The additional payments described above are made out of the Distributor's or the Advisor's (or their affiliates') own assets, as applicable, pursuant to agreements with brokers and do not change the price paid by investors for the purchase of a Fund's shares or the amount a Fund will receive as proceeds from such sales. These payments may be made to financial firms selected by the Distributor or the Advisor or their affiliates to the financial firms that have sold significant amounts of shares of a Fund. Dealers may not use sales of a Fund's shares to qualify for this compensation to the extent prohibited by the laws or rules of any state or any self-regulatory agency, such as FINRA. The level of payment made to financial firm(s) in any future year will vary, may be subject to certain minimum payment levels, and is typically calculated as a percentage of sales made to and/or assets held by customers of the financial firm. In some cases, in addition to the payments described above, the Distributor, the Advisor and/or their affiliates will make payments for special events such as a conferences or seminars sponsored by one of such financial firms.

If investment advisors, distributors or affiliates of mutual funds pay bonuses and incentives in differing amounts, financial firms and their financial consultants may have financial incentives for recommending a particular mutual fund (including each Fund) over other mutual funds.

In addition, depending on the arrangements in place at any particular time, a financial firm and its financial consultants may also have a financial incentive for recommending a particular share class over other



share classes. You should consult with your financial advisor and review carefully any disclosure by the financial firm as to compensation received by that firm and/or your financial advisor.

Representatives of the Distributor, the Advisor and their affiliates visit brokerage firms on a regular basis to educate financial advisors about a Fund and to encourage the sale of Fund shares to their clients. The costs and expenses associated with these efforts may include, but are not limited to, travel, lodging, sponsorship at educational seminars and conferences, entertainment and meals to the extent permitted by law.

Although a Fund may use financial firms that sell Fund shares to effect transactions for the Fund's portfolio, the Fund and the Advisor will not consider the sale of Fund shares as a factor when choosing financial firms to make those transactions.

## **DISTRIBUTION OF FUND SHARES TO GOVERNMENT SPONSORED RETIREMENT PLANS**

The Funds do not accept purchases from any government plan or program as defined under Rule 206(4)-5(f)(8) under the Advisers Act. Specifically, the Funds will not accept, and any broker-dealer should not accept, any order for the purchase of Fund shares on behalf of any participant-directed investment program or plan sponsored or established by a State or political subdivision or any agency, authority or instrumentality thereof, including, but not limited to, a "qualified tuition plan" authorized by Section 529 of the Code, a retirement plan authorized by Section 403(b) or 457 of the Code, or any similar program or plan.

## **CODE OF ETHICS**

The Trust, ProFund Advisors and the Distributor each have adopted a consolidated code of ethics (the "COE"), under Rule 17j-1 of the 1940 Act, which is reasonably designed to ensure that all acts, practices and courses of business engaged in by personnel of the Trust, ProFund Advisors and the Distributor reflect high standards of conduct and comply with the requirements of the federal securities laws. There can be no assurance that the COE will be effective in preventing deceptive, manipulative or fraudulent activities. The COE permits personnel subject to it to invest in securities, including securities that may be held or purchased by a Fund; however, such transactions are reported on a regular basis by ProFund Advisors' personnel that are Access Persons. Access Persons, as the term is defined in the COE, subject to the COE are also required to report transactions in registered open-end investment companies advised or sub-advised by ProFund Advisors. The COE is on file with the SEC and is available to the public.

## **PROXY VOTING POLICY AND PROCEDURES**

### ***Background***

The Board of Trustees has adopted policies and procedures with respect to voting proxies relating to portfolio securities of each Fund, pursuant to which the Board of Trustees has delegated responsibility for voting such proxies to ProFund Advisors subject to the Board's continuing oversight.

### ***Policies and Procedures***

The Advisor's proxy voting policies and procedures (the "Guidelines") are reasonably designed to maximize shareholder value and protect shareholder interests when voting proxies. The Advisor's Brokerage Allocation and Proxy Voting Committee (the "Proxy Committee") exercises and documents the Advisor's responsibilities with regard to voting of client proxies. The Proxy Committee is composed of employees of the Advisor. The Proxy Committee reviews and monitors the effectiveness of the Guidelines. To assist the Advisor in its responsibility for voting proxies and the overall proxy voting process, the Advisor has retained Institutional Shareholder Services ("ISS") as an expert in the proxy voting and corporate governance area. The Proxy Committee reviews and, as necessary, may amend periodically the Guidelines to address new or revised proxy voting policies or procedures.

Information on how proxies were voted for portfolio securities for the 12-month (or shorter) period ended June 30 is available without charge, upon request, by calling the Advisor at 888-776-3637 or on the



Trust's website at [profunds.com](http://www.profunds.com), or on the SEC's website at <http://www.sec.gov>. See Appendix C for a copy of the proxy voting policy and procedures.

## **DISCLOSURE OF PORTFOLIO HOLDINGS**

The Trust has adopted a policy regarding the disclosure of information about each Fund's portfolio holdings, which is reviewed on an annual basis. The Board must approve all material amendments to this policy. Disclosure of the complete holdings of each Fund is required to be made quarterly within 60 days of the end of the Fund's fiscal quarter in the Annual Report and Semi-Annual Report to Fund shareholders and in the monthly holdings report on Form N-PORT, with every third month made available to the public by the SEC 60 days after the end of the Funds' fiscal quarter. You can find SEC filings on the SEC's website, [www.sec.gov](http://www.sec.gov). Portfolio holdings information may be made available prior to its public availability ("Non-Standard Disclosure") as frequently as daily to the Advisor, Citi Fund Services, UMB Bank, N.A., and ProFunds Distributors, Inc. (collectively, the "Service Providers"), and as frequently as weekly to certain non-service providers (including rating agencies, consultants and other qualified financial professionals for such purposes as analyzing and ranking a Fund or performing due diligence and asset allocation). A recipient of Non-Standard Disclosure must sign a confidentiality agreement, as required by applicable law, in which the recipient agrees that the information will be kept confidential, be used only for a legitimate business purpose and will not be used for trading. Recipients are required to have systems and procedures in place to ensure that the confidentiality agreement will be honored. Neither a Fund nor the Advisor may receive compensation or other consideration in connection with the disclosure of information about portfolio securities.

Non-Standard Disclosure may be authorized by the CCO or, in his absence, any other authorized officer of the Trust, if he determines that such disclosure is in the best interests of shareholders, no conflict exists between the interests of shareholders and those of the Advisor or Distributor, such disclosure serves a legitimate business purpose, and measures discussed in the previous paragraph regarding confidentiality are satisfied. The lag time between the date of the information and the date on which the information is disclosed shall be determined by the officer authorizing the disclosure. The CCO is responsible for ensuring that portfolio holdings disclosures are made in accordance with this Policy. As of the date of this SAI, no parties other than the Trust's Service Providers and any other persons identified above receive Non-Standard Disclosure.

## **PORTFOLIO TRANSACTIONS AND BROKERAGE**

Subject to the general supervision by the Board, ProFund Advisors is responsible for decisions to buy and sell securities and derivatives for each Fund and the selection of brokers and dealers to effect transactions. Purchases from dealers serving as market makers may include a dealer's mark-up or reflect a dealer's mark-down. Purchases and sales of U.S. government securities are normally transacted through issuers, underwriters or major dealers in U.S. government securities acting as principals. Such transactions, along with other fixed income securities transactions, are made on a net basis and do not typically involve payment of brokerage commissions. The cost of securities purchased from an underwriter usually includes a commission paid by the issuer to the underwriters; transactions with dealers normally reflect the spread between bid and asked prices; and transactions involving baskets of equity securities typically include brokerage commissions. As an alternative to directly purchasing securities, ProFund Advisors may find efficiencies and cost savings by purchasing futures or using other derivative instruments like total return swaps or forward contracts. ProFund Advisors may also choose to cross-trade securities between clients to save costs where allowed under applicable law.

The policy for each Fund regarding purchases and sales of securities is that primary consideration will be given to obtaining the most favorable prices and efficient executions of transactions. Consistent with this policy, when securities transactions are effected on a stock exchange, the policy is to pay commissions that are considered fair and reasonable without necessarily determining that the lowest possible commissions are paid in all circumstances. ProFund Advisors believes that a requirement always to seek the lowest possible commission cost could impede effective portfolio management and preclude the Fund and ProFund Advisors

from obtaining a high quality of brokerage and execution services. In seeking to determine the reasonableness of brokerage commissions paid in any transaction, ProFund Advisors relies upon its experience and knowledge regarding commissions generally charged by various brokers and on its judgment in evaluating the brokerage and execution services received from the broker. Such determinations are necessarily subjective and imprecise, as in most cases an exact dollar value for those services is not ascertainable. In addition to commission rates, when selecting a broker for a particular transaction, the ProFund Advisors considers but is not limited to the following efficiency factors: the broker's availability, willingness to commit capital, reputation and integrity, facilities reliability, access to research, execution capacity and responsiveness.

ProFund Advisors may give consideration to placing portfolio transactions with those brokers and dealers that also furnish research and other execution related services to the Fund or ProFund Advisors. Such services may include, but are not limited to, any one or more of the following: information as to the availability of securities for purchase or sale; statistical or factual information or opinions pertaining to investment; information about market conditions generally; equipment that facilitates and improves trade execution; and appraisals or evaluations of portfolio securities.

For purchases and sales of derivatives (*i.e.*, financial instruments whose value is derived from the value of an underlying asset, interest rate or index) ProFund Advisors evaluates counterparties on the following factors: reputation and financial strength; execution prices; commission costs; ability to handle complex orders; ability to give prompt and full execution, including the ability to handle difficult trades; accuracy of reports and confirmations provided; reliability, type and quality of research provided; financing costs and other associated costs related to the transaction; and whether the total cost or proceeds in each transaction is the most favorable under the circumstances.

Consistent with a Fund's investment objective, ProFund Advisors may enter into guarantee close agreements with certain brokers. In all such cases, the agreement calls for the execution price at least to match the closing price of the security. In some cases, depending upon the circumstances, the broker may obtain a price that is better than the closing price and which under the agreement provides additional benefits to clients. ProFund Advisors will generally distribute such benefits pro rata to applicable client trades. In addition, ProFund Advisors, any of its affiliates or employees and each Fund have a policy not to enter into any agreement or other understanding—whether written or oral—under which brokerage transactions or remuneration are directed to a broker to pay for distribution of a Fund's shares.

## **BROKERAGE COMMISSIONS**

A Fund may experience substantial differences in brokerage commissions from year to year. High portfolio turnover and correspondingly greater brokerage commissions, to a great extent, depend on the purchase, redemption, and exchange activity of a Fund's investors, as well as each Fund's investment objective and strategies.

The brokerage commissions paid for the fiscal years ended December 31, 2018, December 31, 2019, and December 31, 2020 for each Fund that was operational as of each date are set forth below.

|                                    | <b>BROKERAGE COMMISSIONS PAID</b> |             |             |
|------------------------------------|-----------------------------------|-------------|-------------|
|                                    | <b>2018</b>                       | <b>2019</b> | <b>2020</b> |
| ProFund VP Asia 30 .....           | \$ 7,224                          | \$ 7,037    | \$8,478     |
| ProFund VP Banks .....             | 8,779                             | 4,669       | 5,069       |
| ProFund VP Basic Materials .....   | 4,074                             | 1,952       | 3,602       |
| ProFund VP Bear .....              | 131                               | 70          | 68          |
| ProFund VP Biotechnology .....     | 16,876                            | 10,520      | 9,651       |
| ProFund VP Bull .....              | 1,931                             | 5,839       | 2,289       |
| ProFund VP Consumer Goods .....    | 2,138                             | 1,922       | 4,871       |
| ProFund VP Consumer Services ..... | 6,827                             | 12,515      | 7,337       |
| ProFund VP Dow 30 .....            | 0                                 | 0           | 0           |

|  | <b>BROKERAGE COMMISSIONS PAID</b> |             |             |
|--|-----------------------------------|-------------|-------------|
|  | <b>2018</b>                       | <b>2019</b> | <b>2020</b> |
| ProFund VP Emerging Markets.....         | 2,798                             | 4,318       | 5,148       |
| ProFund VP Europe 30 .....               | 14,722                            | 4,257       | 2,566       |
| ProFund VP Falling U.S. Dollar .....     | 0                                 | 0           | 0           |
| ProFund VP Financials.....               | 4,876                             | 4,308       | 9,784       |
| ProFund VP Government Money Market ..... | 0                                 | 0           | 6,768       |
| ProFund VP Health Care.....              | 8,120                             | 4,999       | 4,073       |
| ProFund VP Industrials .....             | 6,818                             | 2,964       | 0           |
| ProFund VP International .....           | 0                                 | 0           | 5,791       |
| ProFund VP Internet.....                 | 7,791                             | 7,801       | 2,064       |
| ProFund VP Japan .....                   | 2,673                             | 2,408       | 10,687      |
| ProFund VP Large-Cap Growth .....        | 11,899                            | 8,904       | 4,044       |
| ProFund VP Large-Cap Value .....         | 4,876                             | 4,698       | 97          |
| ProFund VP Mid-Cap.....                  | 363                               | 273         | 7,877       |
| ProFund VP Mid-Cap Growth.....           | 7,688                             | 8,955       | 4,775       |
| ProFund VP Mid-Cap Value.....            | 4,826                             | 8,732       | 0           |
| ProFund VP Nasdaq-100.....               | 2,046                             | 4,421       | 3,929       |
| ProFund VP Oil & Gas .....               | 7,917                             | 2,456       | 5,445       |
| ProFund VP Pharmaceuticals .....         | 9,752                             | 4,029       | 2,992       |
| ProFund VP Precious Metals .....         | 0                                 | 0           | 0           |
| ProFund VP Real Estate .....             | 2,041                             | 5,273       | 4,162       |
| ProFund VP Rising Rates Opportunity..... | 97                                | 36          | 73          |
| ProFund VP Semiconductor .....           | 5,396                             | 9,580       | 7,255       |
| ProFund VP Short Dow 30.....             | 0                                 | 0           | 0           |
| ProFund VP Short Emerging Markets.....   | 0                                 | 0           | 0           |
| ProFund VP Short International .....     | 0                                 | 0           | 0           |
| ProFund VP Short Mid-Cap.....            | 0                                 | 0           | 0           |
| ProFund VP Short Nasdaq-100 .....        | 104                               | 39          | 224         |
| ProFund VP Short Small-Cap .....         | 82                                | 93          | 56          |
| ProFund VP Small-Cap .....               | 483                               | 452         | 638         |
| ProFund VP Small-Cap Growth .....        | 8,663                             | 5,424       | 6,134       |
| ProFund VP Small-Cap Value .....         | 8,672                             | 6,627       | 6,696       |
| ProFund VP Technology .....              | 5,200                             | 5,765       | 16,516      |
| ProFund VP Telecommunications.....       | 4,885                             | 2,604       | 1,540       |
| ProFund VP U.S. Government Plus.....     | 173                               | 172         | 211         |
| ProFund VP UltraBull .....               | 163,030                           | 90,265      | 42,304      |
| ProFund VP UltraMid-Cap.....             | 28,583                            | 16,600      | 8,416       |
| ProFund VP UltraNasdaq-100 .....         | 14,156                            | 11,984      | 14,516      |
| ProFund VP UltraShort Dow 30.....        | 0                                 | 0           | 0           |
| ProFund VP UltraShort Nasdaq-100 .....   | 2                                 | 137         | 104         |
| ProFund VP UltraSmall-Cap .....          | 3,991                             | 3,798       | 1,399       |
| ProFund VP Utilities.....                | 8,784                             | 20,288      | 5,015       |

## **SECURITIES OF REGULAR BROKER-DEALERS**

Each Fund is required to identify any securities of its “regular brokers and dealers” (as such term is defined in the 1940 Act) which they may hold at the close of their most recent fiscal year. “Regular brokers or dealers” of the Trust are the ten brokers or dealers that, during the most recent fiscal year: (i) received the

greatest dollar amounts of brokerage commissions from the Trust's portfolio transactions; (ii) engaged as principal in the largest dollar amounts of portfolio transactions of the Trust; or (iii) sold the largest dollar amounts of the Trust's Shares.

During the fiscal year ended December 31, 2020, each of the following Funds were operational during that period and held securities of regular brokers or dealers to the Trust:

| <u>Fund</u>                      | <u>Name of<br/>Broker or Dealer</u> | <u>Approximate<br/>Aggregate<br/>Value of Issuer's<br/>Securities Owned by<br/>the<br/>ProFund VP at the<br/>close<br/>of its fiscal year<br/>ended<br/>December 31, 2020</u> |
|----------------------------------|-------------------------------------|---|
| ProFund VP Banks .....           | Bank of America Corp.               | \$ 633,449  |
|                                  | Citigroup, Inc.                     | \$ 352,634  |
|                                  | UMB Financial Corp.                 | \$ 8,279  |
|                                  | Wells Fargo & Co.                   | \$ 342,815  |
| ProFund VP Bull .....            | Bank of America Corp.               | \$ 302,039  |
|                                  | Citigroup, Inc.                     | \$ 168,024  |
|                                  | Goldman Sachs Group, Inc.           | \$ 118,670  |
|                                  | Wells Fargo & Co.                   | \$ 163,334  |
| ProFund VP Europe 30 .....       | Barclays PLC                        | \$ 393,332  |
|                                  | HSBC Holdings PLC                   | \$ 628,292  |
| ProFund VP Financials .....      | Bank of America Corp.               | \$ 1,102,526  |
|                                  | Citigroup, Inc.                     | \$ 613,764  |
|                                  | Goldman Sachs Group, Inc.           | \$ 433,803  |
|                                  | UMB Financial Corp.                 | \$ 14,350   |
|                                  | Wells Fargo & Co.                   | \$ 596,659  |
| ProFund VP Large-Cap Value ..... | Bank of America Corp.               | \$ 225,900  |
|                                  | Citigroup, Inc.                     | \$ 125,663  |
|                                  | Goldman Sachs Group, Inc.           | \$ 88,870   |
|                                  | Wells Fargo & Co.                   | \$ 122,138  |
| ProFund VP Mid-Cap Value .....   | UMB Financial Corp.                 | \$ 36,979   |
| ProFund VP Small-Cap .....       | UMB Financial Corp.                 | \$ 8,900  |
| ProFund VP UltraBull .....       | Bank of America Corp.               | \$ 87,657   |
|                                  | Citigroup, Inc.                     | \$ 48,773   |
|                                  | Goldman Sachs Group, Inc.           | \$ 34,546   |
|                                  | Wells Fargo & Co.                   | \$ 47,413   |
| ProFund VP UltraMid-Cap .....    | UMB Financial Corp.                 | \$ 11,797   |
| ProFund VP UltraSmall-Cap .....  | UMB Financial Corp.                 | \$ 10,211   |

## ORGANIZATION

The Trust is a Delaware statutory trust and registered open-end investment company under the 1940 Act. The Trust was organized on April 17, 1997 and has authorized capital of unlimited shares of beneficial interest of no par value which may be issued in more than one class or series. Currently, the Trust consists of multiple separately managed series. The Board may designate additional series of beneficial interest and classify shares of a particular series into one or more classes of that series.

All shares of the Trust are freely transferable. The shares do not have preemptive rights or cumulative voting rights, and none of the shares have any preference to conversion, exchange, dividends, retirements, liquidation, redemption, or any other feature. The shares have equal voting rights, except that, in a matter affecting a particular series or class of shares, only shares of that series or class may be entitled to vote on the matter.

Under Delaware law, the Trust is not required to hold an annual shareholders meeting if the 1940 Act does not require such a meeting. Generally, there will not be annual meetings of Trust shareholders. Trust shareholders may remove Trustees from office by votes cast at a meeting of Trust shareholders or by written consent. If requested by shareholders of at least 10% of the outstanding shares of the Trust, the Trust will call a meeting of ProFunds' shareholders for the purpose of voting upon the question of removal of a Trustee of the Trust and will assist in communications with other Trust shareholders.

The Declaration of Trust of the Trust disclaims liability of the shareholders or the officers of the Trust for acts or obligations of the Trust which are binding only on the assets and property of the Trust. The Declaration of Trust provides for indemnification of the Trust's property for all loss and expense of any shareholder held personally liable for the obligations of the Trust. The risk of a Trust shareholder incurring financial loss on account of shareholder liability is limited to circumstances where a series would not be able to meet the Trust's obligations and this risk, thus, should be considered remote.

If a Fund does not grow to a size to permit it to be economically viable, the Fund may cease operations. In such an event, investors may be required to liquidate or transfer their investments at an inopportune time.

#### **DETERMINATION OF NET ASSET VALUE**

The net asset values (NAV) of the shares of the ProFunds VP (other than ProFund VP U.S. Government Plus and ProFund VP Rising Rates Opportunity) are typically determined as of the close of business of the New York Stock Exchange ("NYSE") (ordinarily, 4:00 p.m. Eastern Time) on each day the NYSE is open for business. ProFund VP U.S. Government Plus and ProFund VP Rising Rates Opportunity typically determine NAV for each class of shares at the close of trading on the NYSE every day the NYSE is open for business.

To the extent that portfolio securities of a ProFund VP are traded in other markets on days when the ProFund VP's principal trading market(s) is closed, the value of a ProFund VP's shares may be affected on days when investors do not have access to the ProFund VP to purchase or redeem shares. This may also be the case for each ProFund VP (other than ProFund VP U.S. Government Plus, ProFund VP Rising Rates Opportunity and ProFund VP Government Money Market) when foreign securities trade while ADRs are not trading due to markets being closed in the United States.

The NAV per share of a ProFund VP serves as the basis for the purchase and redemption price of its shares. The NAV per share of a ProFund VP is calculated by dividing the value of the ProFund VP's assets, less all liabilities attributed to the ProFund VP, by the number of outstanding shares of the ProFund VP. The ProFund VP records its investment transactions no later than the next business day after the transaction order is placed. When a ProFund VP experiences net shareholder inflows, it generally records investment transactions on the next business day after the transaction order is placed. When a ProFund VP experiences net shareholder outflows, it generally records investment transactions on the business day the transaction order is placed. This is intended to deal equitably with related transaction costs by having them borne in part by the investor generating those costs for the ProFund VP. ProFund VP Government Money Market's NAV per share will normally be \$1.00. There is no assurance that the \$1.00 NAV will be maintained.

The securities in the portfolio of a non-money market ProFund VP, except as otherwise noted, that are listed or traded on a stock exchange or the Nasdaq National Market System, are generally valued at the closing price, if available, on the exchange or market where the security is principally traded (including the Nasdaq Official Closing Price). If there have been no sales for that day on the exchange or system where the security is principally traded, then the value may be determined with reference to the last sale price, or the

closing price, if applicable, on any other exchange or system. If there have been no sales for that day on any exchange or system, a security may be valued using fair value procedures. Securities regularly traded in the OTC markets (for example, certain equity securities, fixed-income securities, non-exchange-listed foreign securities and certain derivative instruments), including securities listed on an exchange but that are primarily traded OTC (other than those traded on the Nasdaq) are generally valued on the basis of the mean between the bid and asked quotes based upon quotes furnished by dealers actively trading those instruments. Futures contracts and options on securities, indexes and futures contracts are generally valued at their last sale price prior to the time at which the NAV per share of a class of shares of a ProFund VP is determined. If there is no sale on that day, futures contracts and exchange-traded options will be valued using fair value procedures. Routine valuation of certain derivatives is performed using procedures approved by the Board of Trustees. A ProFund VP may value its financial instruments based upon foreign securities by using market prices of domestically traded financial instruments with comparable foreign securities market exposure.

Short-term debt securities maturing in sixty days or less are generally valued at amortized cost, which approximates market value. Investments initially valued in currencies other than the U.S. dollar are converted to U.S. dollars using exchange rates obtained from pricing services. As a result, the NAV of a ProFund VP's shares may be affected by changes in the value of currencies in relation to the U.S. dollar. The value of securities traded in markets outside the United States or denominated in currencies other than the U.S. dollar (and, therefore, the NAV of ProFunds VP that hold these securities) may be affected significantly on a day that the NYSE is closed and an investor is not able to purchase, redeem or exchange shares. In particular, calculation of the NAV of the ProFunds VP may not take place contemporaneously with the determination of the prices of foreign securities used in NAV calculations.

When the Advisor determines that the market price of a security is not readily available or deems the price unreliable, it may, in good faith, establish a fair value for that security in accordance with procedures established by and under the general supervision and responsibility of the Board of Trustees. The use of a fair valuation method may be appropriate if, for example, market quotations do not accurately reflect fair value for an investment, an investment's value has been materially affected by events occurring after the close of the exchange or market on which the investment is principally traded (for example, a foreign exchange or market), a trading halt closes an exchange or market early, or other events result in an exchange or market delaying its normal close.

## **AMORTIZED COST VALUATION**

ProFund VP Government Money Market will use the amortized cost method in valuing its portfolio securities, which does not take into account unrealized capital gains or losses. This method involves valuing each security held by ProFund VP Government Money Market at its cost at the time of its purchase and thereafter assuming a constant amortization to maturity of any discount or premium. Accordingly, immaterial fluctuations in the market value of the securities held by ProFund VP Government Money Market will not be reflected in ProFund VP Government Money Market's NAV. The Board of Trustees will monitor the valuation of assets using this method and will make such changes as it deems necessary to assure that the assets of ProFund VP Government Money Market are valued fairly in good faith.

ProFund VP Government Money Market's use of the amortized cost method of valuing its securities is permitted by Rule 2a-7 under the 1940 Act. Under this rule, ProFund VP Government Money Market must maintain a dollar-weighted average portfolio maturity of 60 days or less, purchase only instruments having remaining maturities of 397 days or less and invest only in securities determined by or under the supervision of the Board of Trustees to be of high quality with minimal credit risks.

Pursuant to the rule, the Board of Trustees also has established procedures designed to stabilize, to the extent reasonably possible, the investors' price per share as computed for the purpose of sales and redemptions at \$1.00. These procedures include the review of ProFund VP Government Money Market's holdings by the Board of Trustees, at such intervals as it deems appropriate, to determine whether the value of ProFund VP Government Money Market's assets calculated by using available market quotations or market equivalents deviates from such valuation based on amortized cost.



The rule also provides that the extent of any deviation between the value of ProFund VP Government Money Market's assets based on available market quotations or market equivalents and such valuation based on amortized cost must be examined by the Board of Trustees. In the event the Board of Trustees determines that a deviation exists that may result in material dilution or other unfair results to investors or existing shareholders, pursuant to the rule, the Board of Trustees must cause ProFund VP Government Money Market to take such corrective action as the Board of Trustees regards as necessary and appropriate, including: selling portfolio instruments prior to maturity to realize capital gains or losses or to shorten average portfolio maturity; withholding dividends or paying distributions from capital or capital gains; redeeming shares in kind; or valuing ProFund VP Government Money Market's assets by using available market quotations. In such event, the Board of Trustees may also suspend redemptions and postpone payment of redemption proceeds after irrevocably determining to liquidate the Fund.



## TAXATION

**Overview.** Set forth below is a general discussion of certain U.S. federal income tax issues concerning each Fund and the purchase, ownership, and disposition of Fund shares. This discussion does not purport to be complete or to deal with all aspects of federal income taxation that may be relevant to shareholders in light of their particular circumstances. This discussion is based upon present provisions of the Code, the regulations promulgated thereunder, and judicial and administrative ruling authorities, all of which are subject to change, which change may be retroactive. Prospective investors should consult their own tax advisors with regard to the federal tax consequences of the purchase, ownership, or disposition of Fund shares, including in connection with a Variable Contract (as defined below) or a qualified pension or retirement plan, as well as the tax consequences arising under the laws of any state, foreign country, or other taxing jurisdiction.

**Taxation of the shareholders.** Shares of each Fund will be available only to (i) participating insurance companies and their separate accounts that fund variable annuity contracts, variable life insurance policies or other variable insurance contracts (collectively, Variable Contracts), (ii) qualified pension or retirement plans, and (iii) the Advisor. Under current law, the shareholders that are life insurance company segregated asset accounts generally will not be subject to income tax currently on income from a Fund to the extent such income is applied to increase the values of Variable Contracts. Qualified pension or retirement plans qualify separately for exemption from tax on such income.

The discussion below is generally based on the assumption that the shares of each Fund will be respected as owned for U.S. federal income tax purposes by insurance company separate accounts and qualified pension or retirement plans. If this is not the case, the person or persons determined to own each Fund shares will be currently taxed on Fund distributions, and on the proceeds of any redemption of Fund shares, under applicable federal income tax rules that may not be described herein.

For information concerning the federal income tax consequences to a holder of a Variable Contract or a participant in a qualified pension or retirement plan, refer to the prospectus for the particular contract or to the plan materials. Because insurance companies (and certain other investors) will be the only shareholders of a Fund, no attempt is made here to particularly describe the tax consequences at the shareholder level of an investment in a Fund.

**Taxation of the Fund.** Each Fund has elected and intends to qualify and to be eligible each year to be treated as a RIC under Subchapter M of the Code. A RIC generally is not subject to federal income tax on income and gains distributed in a timely manner to its shareholders. To qualify for treatment as a RIC, each Fund generally must, among other things:

(a) derive in each taxable year at least 90% of its gross income from (i) dividends, interest, payments with respect to certain securities loans, and gains from the sale or other disposition of stock, securities or foreign currencies, or other income (including, but not limited to, gain from options, futures or forward contracts) derived with respect to its business of investing in such stock, securities or currencies and (ii) net income derived from interests in “qualified publicly traded partnerships” as defined below (the income described in this subparagraph (a), “Qualifying Income”);

(b) diversify its holdings so that, at the end of each quarter of each Fund’s taxable year, (i) at least 50% of the fair market value of each Fund’s assets is represented by cash and cash items (including receivables), U.S. government securities, the securities of other RICs and other securities, with such other securities limited, in respect of any one issuer, to an amount not greater than 5% of the value of each Fund’s total assets and not greater than 10% of the outstanding voting securities of such issuer, and (ii) not greater than 25% of the value of its total assets is invested, including through corporations in which the Fund owns a 20% or more voting stock interest, in (x) the securities (other than U.S. government securities and the securities of other RICs) of any one issuer or of two or more issuers that each Fund controls and that are engaged in the same, similar or related trades or businesses, or (y) the securities of one or more qualified publicly traded partnerships (as defined below); and

(c) distribute with respect to each taxable year at least 90% of the sum of its investment company taxable income (as that term is defined in the Code without regard to the deduction for dividends paid — generally, taxable ordinary income and the excess, if any, of net short-term capital gains over net long-term capital losses) and net tax-exempt interest income for such year. Each Fund intends to distribute substantially all of such income.

In general, for purposes of the 90% gross income requirement described in subparagraph (a) above, income derived from a partnership will be treated as Qualifying Income only to the extent such income is attributable to items of income of the partnership which would be Qualifying Income if realized directly by the RIC. However, 100% of the net income of a RIC derived from an interest in a “qualified publicly traded partnership” (a partnership (x) the interests in which are traded on an established securities market or readily tradable on a secondary market or the substantial equivalent thereof, and (y) that derives less than 90% of its income from the Qualifying Income described in clause (i) of subparagraph (a) above) will be treated as Qualifying Income. In general, such entities will be treated as partnerships for federal income tax purposes because they meet the passive income requirement under Code section 7704(c)(2). In addition, although in general the passive loss rules of the Code do not apply to RICs, such rules do apply to a RIC with respect to items attributable to an interest in a qualified publicly traded partnership. Moreover, the amounts derived from investments in foreign currency will be treated as Qualifying Income for purposes of subparagraph (a) above, unless and until the Internal Revenue Service (“IRS”) issues guidance contrary to such treatment, including retroactively; any such guidance could affect a Fund’s ability to meet the 90% gross income test and adversely affect the manner in which that Fund is managed.

For purposes of the diversification test in subparagraph (b) above, identification of the issuer (or, in some cases, issuers) of a Fund investment can depend on the terms and conditions of that investment. In some cases, identification of the issuer (or issuers) is uncertain under current law, and an adverse determination or future guidance by the IRS with respect to the identity of the issuer for a particular type of investment may adversely affect each Fund’s ability to meet the diversification test in subparagraph (b) above. Also, for purposes of the diversification test in subparagraph (b) above, the term “outstanding voting securities of such issuer” will include the equity securities of a qualified publicly traded partnership.

A Fund’s pursuit of its investment strategies will potentially be limited by the Fund’s intention to qualify for the special tax treatment accorded a RIC and its shareholders, and could adversely affect the Fund’s ability to so qualify. A Fund can make certain investments, the treatment of which for these purposes is unclear. If, in any taxable year, a Fund were to fail to meet the 90% gross income, diversification, or distribution test described above, the Fund could in some cases cure such failure, including by paying a Fund-level tax, paying interest, making additional distributions, or disposing of certain assets. If a Fund were ineligible to or did not cure such a failure for any taxable year, or otherwise failed to qualify as a RIC that is accorded special tax treatment, (1) each Fund would be subject to tax on its taxable income at corporate rates, and distributions to its shareholders would not be deductible by the Fund in computing its taxable income, and (2) each insurance company separate account invested in each Fund would fail to satisfy the separate diversification requirements described below, with the result that the contracts supported by that account would no longer be eligible for tax deferral. In order to re-qualify for taxation as a RIC, each Fund may be required to recognize unrealized gains, pay substantial taxes and interest, and make certain distributions.

As noted above, if a Fund qualifies as a RIC that is accorded special tax treatment, the Fund will not be subject to federal income tax on income that is distributed in a timely manner to its shareholders in the form of dividends.

See each Fund’s most recent annual shareholder report for each Fund’s available capital loss carryovers as of the end of its most recently ended fiscal year.

Investments by a Fund in options, futures, forward contracts, swaps (including CDS transactions) and other derivative financial instruments are subject to numerous special and complex tax rules. Because the tax rules applicable to such instruments may be uncertain under current law, an adverse determination or

future IRS guidance with respect to these rules may affect whether the Fund has made sufficient distributions, and otherwise satisfied the relevant requirements, to maintain its qualification as a RIC and avoid fund-level tax.

An investment by a Fund in zero coupon bonds, deferred interest bonds or payment-in-kind bonds will, and certain securities purchased at a market discount may, cause each Fund to recognize income prior to the receipt of cash payments with respect to those securities. To distribute this income and avoid a tax on the Fund, the Fund may be required to liquidate portfolio securities that it might otherwise have continued to hold, potentially resulting in additional taxable gain or loss to the Fund.

A Fund may invest directly or indirectly in residual interests in real estate mortgage investment conduits (“REMICs”) (including by investing in residual interests in CMOs with respect to which an election to be treated as a REMIC is in effect) or equity interests in taxable mortgage pools (“TMPs”). Under a notice issued by the IRS in the fall of 2006 and Treasury regulations that have yet to be issued, but may apply retroactively, a portion of each Fund’s income (including income allocated to the Fund from a REIT or other pass-through entity) that is attributable to a residual interest in a REMIC or an equity interest in a TMP (referred to in the Code as an “excess inclusion”) will be subject to U.S. federal income tax in all events. The notice specifically provides, and the regulations are expected to provide, that excess inclusion income of a RIC will be allocated to shareholders of the RIC in proportion to the dividends received by such shareholders, with the same consequences as if the shareholders had held the related interest directly. Thus, excess inclusion income will not qualify for an exemption from tax under the provisions generally applicable to life insurance company separate accounts or qualified retirement plans, respectively.

In general, excess inclusion income allocated to shareholders (i) cannot be offset by net operating losses (subject to a limited exception for certain thrift institutions), (ii) will constitute unrelated business taxable income (“UBTI”) to entities (including a qualified pension plan, an individual retirement account, a 401(k) plan, a Keogh plan or other tax-exempt entity) subject to tax on UBTI, thereby potentially requiring such an entity that is allocated excess inclusion income, and otherwise might not be required to file a tax return, to file a tax return and pay tax on such income, and (iii) in the case of a life insurance company separate account funding a Variable Contract, cannot be offset by an adjustment to the reserves and thus is currently taxed notwithstanding the more general tax deferral available to insurance company separate accounts funding Variable Contracts.

Amounts not distributed on a timely basis by a RIC in accordance with a calendar year distribution requirement are subject to a nondeductible 4% excise tax at the Fund level. The excise tax generally is inapplicable to any RIC whose sole shareholders are tax-exempt pension trusts, separate accounts of life insurance companies funding Variable Contracts, certain other permitted tax-exempt investors, or other RICs that are also exempt from the excise tax. In determining whether these investors are the sole shareholders of the RIC for purposes of this exception to the excise tax, shares attributable to an investment in the RIC (not exceeding \$250,000) made in connection with the organization of the RIC are not taken into account.

Each Fund also intends to comply with the separate diversification requirements imposed by Section 817(h) of the Code and the regulations thereunder on certain insurance company separate accounts. These requirements, which are in addition to the diversification requirements imposed by the 1940 Act and by Subchapter M of the Code, place certain limitations on assets of each insurance company separate account used to fund Variable Contracts. Section 817(h) and those regulations treat the assets of a RIC as assets of the related separate account, provided that all the beneficial interests in a RIC are held by insurance companies and certain other eligible holders. Consequently, each Fund intends to diversify its investments in accordance with the requirements of Section 817(h), which generally require that, after a one year start-up period or except as permitted by the “safe harbor” described below, as of the end of each calendar quarter or within 30 days thereafter, no more than 55% of the total assets of a separate account may be represented by any one investment, no more than 70% by any two investments, no more than 80% by any three investments and no more than 90% by any four investments. For this purpose, all securities of the same issuer are considered a single investment, and each U.S. Government agency and instrumentality is considered a separate issuer. Section 817(h) provides, as a safe harbor, that a separate account will be treated as being adequately

diversified if the diversification requirements under Subchapter M are satisfied and no more than 55% of the value of the account's total assets is attributable to cash and cash items (including receivables), U.S. Government securities and securities of other RICs.

If a Fund fails to meet the Section 817(h) diversification requirements, or fails to qualify as a RIC for any taxable year, a separate account investing in that Fund will fail the Section 817(h) requirements, which would generally cause the Variable Contracts to lose their favorable tax status and require a contract holder to include in ordinary income any income accrued under the contracts for the current and all prior taxable years.

Under certain circumstances described in the applicable Treasury regulations, inadvertent failure to satisfy the applicable diversification requirements may be corrected, but such a correction may require a payment to the IRS. Any such failure may also result in adverse tax consequences for the insurance company issuing the contracts.

The IRS has indicated that a degree of investor control over the investment options underlying variable contracts may interfere with the tax-advantaged treatment described above. In particular, the IRS has taken the view that too wide a range of RIC investment options underlying a variable contract indicates investor control, and thus potentially results in treatment of the underlying RIC shares as owned directly by the contract holder for U.S. federal income tax purposes. The IRS has ruled publicly that a contract holder's ability to select from among as many as 20 sub-accounts (each funded through a single RIC), with each such sub-account focused on investments in one sector or geography (including large company stocks, energy stocks, international stocks, small company stocks, mortgage-backed securities, telecommunications stocks, energy stocks, and financial services stocks), does not by itself constitute sufficient control over individual investment decisions so as to cause ownership of such investments to be attributable to contract owners. The IRS and the Treasury Department may in the future provide further guidance as to what it deems to constitute an impermissible level of "investor control" over a separate account's investments in funds and such guidance could affect the tax-advantaged treatment of an investment in the Fund, including retroactively. If the contract owner is considered the owner of the securities underlying the separate account, income and gains produced by those securities would no longer be tax-advantaged and would instead be included currently in the contract owner's gross income. A Fund's pursuit of its investment strategies will potentially be limited by that Fund's intention to permit variable contract owners to qualify for such tax-advantaged treatment.

The above discussion addresses only one of several factors that the IRS considers in determining whether a contract holder has an impermissible level of investor control over a separate account. Contract holders should consult with their insurance companies, their tax advisors, as well as the prospectus relating to their particular contract for more information concerning this investor control issue.

**Tax Shelter Disclosure.** Under Treasury regulations, if a shareholder recognizes a loss on a disposition of a Fund's shares of \$2 million or more for an individual shareholder or \$10 million or more for a corporate shareholder (including, for example, an insurance company separate account), the shareholder must file with the IRS a disclosure statement on Form 8886. Direct shareholders of portfolio securities are in many cases excepted from this reporting requirement, but under current guidance, shareholders of a RIC are not excepted. This filing requirement applies even though, as a practical matter, any such loss would not, for example, reduce the taxable income of an insurance company. Future guidance may extend the current exception from this reporting requirement to shareholders of most or all RICs. The fact that a loss is reportable under these regulations does not affect the legal determination of whether the taxpayer's treatment of the loss is proper. Shareholders should consult their tax advisors to determine the applicability of these regulations in light of their individual circumstances.

**Other Reporting.** Shareholders that are U.S. persons and own, directly or indirectly, more than 50% of the Fund could be required to report annually their "financial interest" in the Fund's "foreign financial accounts," if any, on FinCEN Form 114, Report of Foreign Bank and Financial Accounts (FBAR). Shareholders should consult a tax advisor regarding the applicability to them of this reporting requirement.

**Other Taxation.** The foregoing discussion is a summary of certain U.S. federal income tax consequences of investing in a Fund based on the law in effect as of the date of this SAI. The discussion does not address in detail special tax rules applicable to certain classes of investors, including insurance companies, owners of Variable Contracts, and participants in qualified pension or retirement plans. You should consult your tax advisor for more information about your own tax situation, including possible other federal, state, local and, where applicable, foreign tax consequences of investing in a Fund.

## OTHER INFORMATION

### Total Return Calculations

From time to time, a Fund may advertise its total return for prior periods. Any such advertisement would include at least average annual total return quotations for one, five, and ten-year periods, or for the life of the Fund. Other total return quotations, aggregate or average, over other time periods for the Fund also may be included.

The total return of a Fund for a particular period represents the increase (or decrease) in the value of a hypothetical investment in the Fund from the beginning to the end of the period. Total return is calculated by subtracting the value of the initial investment from the ending value and showing the difference as a percentage of the initial investment; this calculation assumes that the initial investment is made at the current NAV and that all income dividends or capital gains distributions during the period are reinvested in shares of the Fund at NAV. Total return is based on historical earnings and NAV fluctuations and is not intended to indicate future performance. No adjustments are made to reflect any income taxes payable by shareholders on dividends and distributions paid by the Fund.

Average annual total return quotations for periods in excess of one year are computed by finding the average annual compounded rate of return over the period that would equal the initial amount invested to the ending redeemable value.

Performance data represents past performance and is not an indication of future results. Because of ongoing market volatility, the performance of a Fund may be subject to substantial short-term changes.

### Yield Calculations

From time to time, ProFund VP Government Money Market may advertise its “yield” and “effective yield.” Both yield figures are based on historical earnings and are not intended to indicate future performance. The “yield” of ProFund VP Government Money Market refers to the income generated by an investment in ProFund VP Government Money Market over a seven-day period (which period will be stated in the advertisement). This income is then “annualized.” That is, the amount of income generated by the investment during that week is assumed to be generated each week over a 52-week period and is shown as a percentage of the investment. The “effective yield” is calculated similarly, but, when annualized, the income earned by an investment in ProFund VP Government Money Market is assumed to be reinvested. The “effective yield” will be slightly higher than the “yield” because of the compounding effect of this assumed reinvestment. Since yield fluctuates, yield data cannot necessarily be used to compare an investment in ProFund VP Government Money Market’s shares with bank deposits, savings accounts, and similar investment alternatives which often provide an agreed or guaranteed fixed yield for a stated period of time. Shareholders of ProFund VP Government Money Market should remember that yield generally is a function of the kind and quality of the instrument held in portfolio, portfolio maturity, operating expenses, and market conditions.

### Comparisons of Investment Performance

Performance of a Fund may be compared in publications to the performance of various unmanaged indexes and investments for which reliable performance data is available and to averages, performance rankings, or other information prepared by recognized mutual fund statistical services. In conjunction with performance reports, promotional literature, and/or analyses of shareholder service for a Fund, comparisons of the performance information of the Fund for a given period to the performance of recognized, unmanaged indexes for the same period may be made, including, but are not limited to, indexes provided by Dow Jones & Company, Standard & Poor’s Corporation, Lipper Analytical Services, Inc. (“Lipper”), Lehman Brothers, The Frank Russell Company, Value Line Investment Survey, NYSE MKT U.S., the Philadelphia Stock Exchange, Morgan Stanley Capital International, Wilshire Associates, the Financial Times-Stock Exchange, ICE Futures U.S., Inc., the Nikkei Inc., the Paris CAC 40, Deutsche Aktien Index, Bank of New York Mellon and The Nasdaq Stock Market, all of which are unmanaged market indicators. Such comparisons can be a



useful measure of the quality of a Fund's investment performance. In particular, performance information for a Fund may be compared to various unmanaged indexes, including, but not limited to, the S&P 500<sup>®</sup> Index, the Dow Jones Industrial Average<sup>SM</sup>, the Dow Jones U.S.<sup>SM</sup> Index, the Russell 2000<sup>®</sup> Index and the Nasdaq-100 Index<sup>®</sup>, among others.

In addition, rankings, ratings, and comparisons of investment performance and/or assessments of the quality of shareholder service appearing in publications such as Money, Forbes, Kiplinger's Magazine, Personal Investor, Morningstar, Inc., and similar sources that utilize information compiled (i) internally, (ii) by Lipper, or (iii) by other recognized analytical services, may be used in sales literature. The total return of each Fund also may be compared to the performances of broad groups of comparable mutual funds with similar investment goals, as such performance is tracked and published by such independent organizations as Lipper and CDA Investment Technologies, Inc., among others. In addition, the broad-based Lipper groupings may be used for comparison to a Fund.

Information about the performance of a Fund will be contained in the Fund's annual and semiannual reports to shareholders, which may be obtained without charge by writing to the Fund at the address or telephoning the Fund at the telephone number set forth on the cover page of this SAI.

## **RATING SERVICES**

The ratings of Moody's Investors Service, Inc., Standard & Poor's Ratings Group, Fitch Investor Services, and DBRS, Inc. represent their opinions as to the quality of the securities that they undertake to rate. It should be emphasized, however, that ratings are relative and subjective and are not absolute standards of quality. A description of the ratings used herein and in the Prospectus is set forth in Appendix A to this SAI.

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### **FINANCIAL STATEMENTS**

The Report of Independent Registered Public Accounting Firm and Financial Statements for the fiscal year ended December 31, 2020 are incorporated herein by reference to each Fund's annual report to shareholders, such Financial Statements having been audited by PricewaterhouseCoopers LLP, the independent registered public accounting firm, and are so included and incorporated by reference in reliance upon the report of said firm, which report is given upon their authority as experts in auditing and accounting. Copies of such annual report are available without charge upon request by writing to: ProFunds, 4400 Easton Commons, Suite 200, Columbus, Ohio 43219 or telephoning (888) 776-3637.

**NO PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS NOT CONTAINED IN THE PROSPECTUS OR IN THIS STATEMENT OF ADDITIONAL INFORMATION, WHICH THE PROSPECTUS INCORPORATES BY REFERENCE, IN CONNECTION WITH THE OFFERING MADE BY THE PROSPECTUS AND, IF GIVEN OR MADE, SUCH INFORMATION OR PRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE FUNDS. THIS STATEMENT OF ADDITIONAL INFORMATION DOES NOT CONSTITUTE AN OFFERING IN ANY JURISDICTION IN WHICH SUCH AN OFFERING MAY NOT LAWFULLY BE MADE.**

**APPENDIX A**  
**DESCRIPTION OF SECURITIES RATINGS**

***S&P GLOBAL RATINGS (“S&P”)***

*Long-Term Issue Credit Ratings*

AAA – An obligation rated ‘AAA’ has the highest rating assigned by S&P Global Ratings. The obligor’s capacity to meet its financial commitment on the obligation is extremely strong.

AA – An obligation rated ‘AA’ differs from the highest-rated obligations only to a small degree. The obligor’s capacity to meet its financial commitment on the obligation is very strong.

A – An obligation rated ‘A’ is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligations in higher-rated categories. However, the obligor’s capacity to meet its financial commitment on the obligation is still strong.

BBB – An obligation rated ‘BBB’ exhibits adequate protection parameters. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitment on the obligation.

BB;B;CCC;CC; and C – Obligations rated ‘BB’, ‘B’, ‘CCC’, ‘CC’, and ‘C’ are regarded as having significant speculative characteristics. ‘BB’ indicates the least degree of speculation and ‘C’ the highest. While such obligations will likely have some quality and protective characteristics, these may be outweighed by large uncertainties or major exposures to adverse conditions.

BB – An obligation rated ‘BB’ is less vulnerable to nonpayment than other speculative issues. However, it faces major ongoing uncertainties or exposure to adverse business, financial, or economic conditions which could lead to the obligor’s inadequate capacity to meet its financial commitment on the obligation.

B – An obligation rated ‘B’ is more vulnerable to nonpayment than obligations rated ‘BB’, but the obligor currently has the capacity to meet its financial commitment on the obligation. Adverse business, financial, or economic conditions will likely impair the obligor’s capacity or willingness to meet its financial commitment on the obligation.

CCC – An obligation rated ‘CCC’ is currently vulnerable to nonpayment, and is dependent upon favorable business, financial, and economic conditions for the obligor to meet its financial commitment on the obligation. In the event of adverse business, financial, or economic conditions, the obligor is not likely to have the capacity to meet its financial commitment on the obligation.

CC – An obligation rated ‘CC’ is currently highly vulnerable to nonpayment. The ‘CC’ rating is used when a default has not yet occurred, but S&P Global Ratings expects default to be a virtual certainty, regardless of the anticipated time to default.

C – An obligation rated ‘C’ is currently highly vulnerable to nonpayment, and the obligation is expected to have lower relative seniority or lower ultimate recovery compared to obligations that are rated higher.

D – An obligation rated ‘D’ is in default or in breach of an imputed promise. For non-hybrid capital instruments, the ‘D’ rating category is used when payments on an obligation are not made on the date due, unless S&P Global Ratings believes that such payments will be made within five business days in the absence of a stated grace period or within the earlier of the stated grace period or 30 calendar days. The ‘D’ rating also will be used upon the filing of a bankruptcy petition or the taking of similar action and where default on an obligation is a virtual certainty, for example due to automatic stay provisions. An obligation’s rating is lowered to ‘D’ if it is subject to a distressed exchange offer.

The ratings from 'AA' to 'CCC' may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the major rating categories.

NR – This indicates that no rating has been requested, that there is insufficient information on which to base a rating, or that S&P Global Ratings does not rate a particular obligation as a matter of policy.

#### *Municipal Short-Term Note Ratings*

SP-1 – Strong capacity to pay principal and interest. An issue determined to possess a very strong capacity to pay debt service is given a plus (+) designation.

SP-2 – Satisfactory capacity to pay principal and interest, with some vulnerability to adverse financial and economic changes over the term of the notes.

SP-3 – Speculative capacity to pay principal and interest.

#### *Short-Term Issue Credit Ratings*

A-1 – A short-term obligation rated 'A-1' is rated in the highest category by S&P Global Ratings. The obligor's capacity to meet its financial commitments on the obligation is strong. Within this category, certain obligations are designated with a plus sign (+). This indicates that the obligor's capacity to meet its financial commitments on these obligations is extremely strong.

A-2 – A short-term obligation rated 'A-2' is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligations in higher rating categories. However, the obligor's capacity to meet its financial commitment on the obligation is satisfactory.

A-3 – A short-term obligation rated 'A-3' exhibits adequate protection parameters. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitment on the obligation.

B – A short-term obligation rated 'B' is regarded as vulnerable and has significant speculative characteristics. The obligor currently has the capacity to meet its financial commitments; however, it faces major ongoing uncertainties which could lead to the obligor's inadequate capacity to meet its financial commitments.

C – A short-term obligation rated 'C' is currently vulnerable to nonpayment and is dependent upon favorable business, financial, and economic conditions for the obligor to meet its financial commitment on the obligation.

D – A short-term obligation rated 'D' is in default or in breach of an imputed promise. For non-hybrid capital instruments, the 'D' rating category is used when payments on an obligation are not made on the date due, unless Standard & Poor's believes that such payments will be made within any stated grace period. However, any stated grace period longer than five business days will be treated as five business days. The 'D' rating also will be used upon the filing of a bankruptcy petition or the taking of a similar action and where default on an obligation is a virtual certainty, for example due to automatic stay provisions. An obligation's rating is lowered to 'D' if it is subject to a distressed exchange offer.

#### ***MOODY'S INVESTORS SERVICE ("MOODY'S")***

##### *Long-Term Rating Scale*

Aaa – Obligations rated Aaa are judged to be of the highest quality, with minimal risk

Aa – Obligations rated Aa are judged to be of high quality and are subject to very low credit risk.

A – Obligations rated A are judged to be upper-medium grade and are subject to low credit risk.

Baa – Obligations rated Baa are judged to be medium-grade and subject to moderate credit risk and as such may possess certain speculative characteristics.

Ba – Obligations rated Ba are judged to be speculative and are subject to substantial credit risk.

B – Obligations rated B are considered speculative and are subject to high credit risk.

Caa – Obligations rated Caa are judged to be speculative of poor standing and are subject to very high credit risk.

Ca – Obligations rated Ca are highly speculative and are likely in, or very near, default, with some prospect of recovery of principal and interest.

C – Obligations rated C are the lowest rated and are typically in default, with little prospect for recovery of principal or interest.

Moody's appends numerical modifiers 1, 2, and 3 to each generic rating classification from Aa through Caa. The modifier 1 indicates that the obligation ranks in the higher end of its generic rating category; the modifier 2 indicates a mid-range ranking; and the modifier 3 indicates a ranking in the lower end of that generic rating category.

#### *Short-Term Rating Scale*

P-1 – Issuers (or supporting institutions) rated Prime-1 have a superior ability to repay short-term debt obligations.

P-2 – Issuers (or supporting institutions) rated Prime-2 have a strong ability to repay short-term debt obligations.

P-3 – Issuers (or supporting institutions) rated Prime-3 have an acceptable ability to repay short-term obligations.

NP – Issuers (or supporting institutions) rated Not Prime do not fall within any of the Prime rating categories.

#### *Municipal Investment Grade Rating Scale*

MIG 1 – This designation denotes superior credit quality. Excellent protection is afforded by established cash flows, highly reliable liquidity support, or demonstrated broad-based access to the market for refinancing.

MIG 2 – This designation denotes strong credit quality. Margins of protection are ample, although not as large as in the preceding group.

MIG 3 – This designation denotes acceptable credit quality. Liquidity and cash-flow protection may be narrow, and market access for refinancing is likely to be less well-established.

SG – This designation denotes speculative-grade credit quality. Debt instruments in this category may lack sufficient margins of protection.

#### *Variable Municipal Investment Grade Rating Scale*

VMIG 1 – This designation denotes superior credit quality. Excellent protection is afforded by the superior short-term credit strength of the liquidity provider and structural and legal protections that ensure the timely payment of purchase price upon demand.

VMIG 2 – This designation denotes strong credit quality. Good protection is afforded by the strong short-term credit strength of the liquidity provider and structural and legal protections that ensure the timely payment of purchase price upon demand.



VMIG 3 – This designation denotes acceptable credit quality. Adequate protection is afforded by the satisfactory short-term credit strength of the liquidity provider and structural and legal protections that ensure the timely payment of purchase price upon demand.

SG – This designation denotes speculative-grade credit quality. Demand features rated in this category may be supported by a liquidity provider that does not have an investment grade short-term rating or may lack the structural and/or legal protections necessary to ensure the timely payment of purchase price upon demand.

### ***FITCH INVESTOR SERVICES (“FITCH’S”)***

#### *Issuer Default Ratings*

AAA – Highest credit quality. ‘AAA’ ratings denote the lowest expectation of default risk. They are assigned only in cases of exceptionally strong capacity for payment of financial commitments. This capacity is highly unlikely to be adversely affected by foreseeable events.

AA – Very high credit quality. ‘AA’ ratings denote expectations of very low default risk. They indicate very strong capacity for payment of financial commitments. This capacity is not significantly vulnerable to foreseeable events.

A – High credit quality. ‘A’ ratings denote expectations of low default risk. The capacity for payment of financial commitments is considered strong. This capacity may, nevertheless, be more vulnerable to adverse business or economic conditions than is the case for higher ratings.

BBB – Good credit quality. ‘BBB’ ratings indicate that expectations of default risk are currently low. The capacity for payment of financial commitments is considered adequate but adverse business or economic conditions are more likely to impair this capacity.

BB – Speculative. ‘BB’ ratings indicate an elevated vulnerability to default risk, particularly in the event of adverse changes in business or economic conditions over time; however, business or financial flexibility exists which supports the servicing of financial commitments.

B – Highly speculative. ‘B’ ratings indicate that material default risk is present, but a limited margin of safety remains. Financial commitments are currently being met; however, capacity for continued payment is vulnerable to deterioration in the business and economic environment.

CCC – Substantial credit risk. Default is a real possibility.

CC – Very high levels of credit risk. Default of some kind appears probable.

C – Near Default. A default or default-like process has begun, or the issuer is in standstill, or for a closed funding vehicle, payment capacity is irrevocably impaired. Conditions that are indicative of a ‘C’ category rating for an issuer include:

RD – Restricted default. ‘RD’ ratings indicate an issuer that in Fitch’s opinion has experienced an uncured payment default or distressed debt exchange on a bond, loan or other material financial obligation, but has not entered into bankruptcy filings, administration, receivership, liquidation, or other formal winding-up procedure, and has not otherwise ceased operating. This would include:

D – Default. ‘D’ ratings indicate an issuer that in Fitch Ratings’ opinion has entered into bankruptcy filings, administration, receivership, liquidation or other formal winding-up procedure, or which has otherwise ceased business.



## ***DBRS, Inc.***

### *Long Term Obligations Scale*

AAA – Highest credit quality. The capacity for the payment of financial obligations is exceptionally high and unlikely to be adversely affected by future events.

AA – Superior credit quality. The capacity for the payment of financial obligations is considered high. Credit quality differs from AAA only to a small degree. Unlikely to be significantly vulnerable to future events.

A – Good credit quality. The capacity for the payment of financial obligations is substantial, but of lesser credit quality than AA. May be vulnerable to future events, but qualifying negative factors are considered manageable.

BBB – Adequate credit quality. The capacity for the payment of financial obligations is considered acceptable. May be vulnerable to future events.

BB – Speculative, non-investment grade credit quality. The capacity for the payment of financial obligations is uncertain. Vulnerable to future events.

B – Highly speculative credit quality. There is a high level of uncertainty as to the capacity to meet financial obligations.

CCC/CC/C – Very highly speculative credit quality. In danger of defaulting on financial obligations. There is little difference between these three categories, although CC and C ratings are normally applied to obligations that are seen as highly likely to default, or subordinated to obligations rated in the CCC to B range. Obligations in respect of which default has not technically taken place but is considered inevitable may be rated in the C category.

D – When the issuer has filed under any applicable bankruptcy, insolvency or winding up statute or there is a failure to satisfy an obligation after the exhaustion of grace periods, a downgrade to D may occur. DBRS may also use SD (Selective Default) in cases where only some securities are impacted, such as the case of a “distressed exchange.”

### *Commercial Paper and Short-Term Debt Rating Scale*

R-1 (high) – Highest credit quality. The capacity for the payment of short-term financial obligations as they fall due is exceptionally high. Unlikely to be adversely affected by future events.

R-1 (middle) – Superior credit quality. The capacity for the payment of short-term financial obligations as they fall due is very high. Differs from R-1 (high) by a relatively modest degree. Unlikely to be significantly vulnerable to future events.

R-1 (low) – Good credit quality. The capacity for the payment of short-term financial obligations as they fall due is substantial. Overall strength is not as favorable as higher rating categories. May be vulnerable to future events, but qualifying negative factors are considered manageable.

R-2 (high) – Upper end of adequate credit quality. The capacity for the payment of short-term financial obligations as they fall due is acceptable. May be vulnerable to future events.

R-2 (middle) – Adequate credit quality. The capacity for the payment of short-term financial obligations as they fall due is acceptable. May be vulnerable to future events or may be exposed to other factors that could reduce credit quality.

R-2 (low) – Lower end of adequate credit quality. The capacity for the payment of short-term financial obligations as they fall due is acceptable. May be vulnerable to future events. A number of challenges are present that could affect the issuer’s ability to meet such obligations.

R-3 – Lowest end of adequate credit quality. There is a capacity for the payment of short-term financial obligations as they fall due. May be vulnerable to future events and the certainty of meeting such obligations could be impacted by a variety of developments.

R-4 – Speculative credit quality. The capacity for the payment of short-term financial obligations as they fall due is uncertain.

R-5 – Highly speculative credit quality. There is a high level of uncertainty as to the capacity to meet short-term financial obligations as they fall due.

D – When the issuer has filed under any applicable bankruptcy, insolvency or winding up statute or there is a failure to satisfy an obligation after the exhaustion of grace periods, a downgrade to D may occur. DBRS may also use SD (Selective Default) in cases where only some securities are impacted, such as the case of a “distressed exchange.”

## APPENDIX B

### PRINCIPAL HOLDERS AND CONTROL PERSONS

From time to time, certain shareholders may own, of record or beneficially, a large percentage of the shares of the Fund. Accordingly, those shareholders may be able to greatly affect (if not determine) the outcome of a shareholder vote. As of April 1, 2021, the following persons owned 5% or more of the shares of the Fund. Persons who own more than 25% of the shares of the Fund may be deemed to control that Fund. For each person listed that is a company, the jurisdiction under the laws of which the company is organized (if applicable) and the company's parents are listed.

### CONTROLLING PERSON INFORMATION

As of April 1, 2021, the following persons owned 25% or more of the shares of the Fund and may be deemed to control the Fund. For each person listed that is a company, the jurisdiction under the laws of which the company is organized (if applicable) and the company's parents are listed.

| <u>Fund/Class</u>  | <u>No. of Shares</u> | <u>Percent of the Class<br/>Total Assets Held by<br/>the Shareholder</u> | <u>State of<br/>Incorporation</u> | <u>Parent Company</u>  |
|--|----------------------|--|-----------------------------------|--|
| <b>PROFUND VP ASIA 30</b>  |                      |  |                                   |  |
| LINCOLN NATIONAL LIFE INS CO<br>1300 SOUTH CLINTON ST<br>FORT WAYNE IN 46802                       | 132,197.439          | 30.67%   | IN                                | Lincoln<br>Financial<br>Group  |
| TRANSAMERICA PREMIER LIFE INSURANCE<br>CO<br>4333 EDGEWOOD RD NE<br>CEDAR RAPIDS IA 52499          | 120,854.142          | 28.04%   | DE                                | Transamerica<br>Corporation<br>American<br>Skandia Life<br>Assurance<br>Corporation                  |
| AMERICAN SKANDIA LIFE ASSURANCE CORP<br>213 WASHINGTON ST 7TH FL SEPARATE ACCTS<br>NEWARK NJ 07102 | 108,196.310          | 25.10%   | CT                                | American<br>Skandia Life<br>Assurance<br>Corporation   |
| JEFFERSON NATIONAL LIFE INSURANCE CO<br>10350 ORMSBY PARK PL STE 600<br>LOUISVILLE KY 402236178    | 35,984.307           | 8.35%  | KY                                | N/A  |
| <b>PROFUND VP BANKS</b>  |                      |  |                                   |  |
| AMERICAN SKANDIA LIFE ASSURANCE CORP<br>213 WASHINGTON ST 7TH FL SEPARATE ACCTS<br>NEWARK NJ 07102 | 147,686.516          | 53.14%   | CT                                | American<br>Skandia Life<br>Assurance<br>Corporation<br>Nationwide<br>Mutual<br>Insurance<br>Company |
| NATIONWIDE INVESTMENT SERVICES CORP<br>ONE NATIONWIDE PLAZA, 02-02-18<br>COLUMBUS, OH 43215        | 71,072.227           | 25.57%   | OH                                | Nationwide<br>Mutual<br>Insurance<br>Company   |
| JEFFERSON NATIONAL LIFE INSURANCE CO<br>10350 ORMSBY PARK PL STE 600<br>LOUISVILLE KY 402236178    | 56,328.163           | 20.27%   | KY                                | N/A  |
| <b>PROFUND VP BASIC MATERIALS</b>  |                      |  |                                   |  |

| <u>Fund/Class</u>  | <u>No. of Shares</u> | <u>Percent of the Class<br/>Total Assets Held by<br/>the Shareholder</u> | <u>State of<br/>Incorporation</u> | <u>Parent Company</u>                                |
|--|----------------------|--|-----------------------------------|--|
| AMERICAN SKANDIA LIFE ASSURANCE CORP<br>213 WASHINGTON ST 7TH FL SEPARATE ACCTS<br>NEWARK NJ 07102 | 66,105.994           | 31.13%   | CT                                | American<br>Skandia Life<br>Assurance<br>Corporation |
| TRANSAMERICA PREMIER LIFE INSURANCE<br>CO<br>4333 EDGEWOOD RD NE<br>CEDAR RAPIDS IA 52499          | 70,570.577           | 33.23%   | DE                                | Transamerica<br>Corporation                          |
| JEFFERSON NATIONAL LIFE INSURANCE CO<br>10350 ORMSBY PARK PL STE 600<br>LOUISVILLE KY 402236178    | 46,839.648           | 22.06%   | KY                                | N/A  |
| NATIONWIDE INVESTMENT SERVICES CORP<br>ONE NATIONWIDE PLAZA, 02-02-18<br>COLUMBUS, OH 43215        | 26,201.499           | 12.34%   | OH                                | Nationwide<br>Mutual<br>Insurance<br>Company         |
| <b>PROFUND VP BEAR</b>   |                      |  |                                   |  |
| AMERICAN SKANDIA LIFE ASSURANCE CORP<br>213 WASHINGTON ST 7TH FL SEPARATE ACCTS<br>NEWARK NJ 07102 | 74,998.347           | 69.57%   | CT                                | American<br>Skandia Life<br>Assurance<br>Corporation |
| JEFFERSON NATIONAL LIFE INSURANCE CO<br>10350 ORMSBY PARK PL STE 600<br>LOUISVILLE KY 402236178    | 15,841.103           | 14.70%   | KY                                | N/A  |
| NATIONWIDE INVESTMENT SERVICES CORP<br>ONE NATIONWIDE PLAZA, 02-02-18<br>COLUMBUS, OH 43215        | 11,629.553           | 10.79%   | OH                                | Nationwide<br>Mutual<br>Insurance<br>Company         |
| <b>PROFUND VP BIOTECHNOLOGY</b>  |                      |  |                                   |  |
| AXA EQUITABLE LIFE INSURANCE CO SA 70<br>1290 AVENUE OF THE AMERICAS<br>NEW YORK NY 101040101      | 530,018.830          | 74.75%   | DE                                | AXA<br>American<br>Holdings, Inc.                    |
| <b>PROFUND VP BULL</b>   |                      |  |                                   |  |
| AMERICAN SKANDIA LIFE ASSURANCE CORP<br>213 WASHINGTON ST 7TH FL SEPARATE ACCTS<br>NEWARK NJ 07102 | 258,390.780          | 25.70%   | CT                                | American<br>Skandia Life<br>Assurance<br>Corporation |
| TRANSAMERICA PREMIER LIFE INSURANCE<br>CO<br>4333 EDGEWOOD RD NE<br>CEDAR RAPIDS IA 52499          | 249,920.674          | 24.86%   | DE                                | Transamerica<br>Corporation                          |
| VENERABLE INSURANCE AND ANNUITY<br>1475 DUNWOODY DR<br>WEST CHESTER PA 19380                       | 102,531.595          | 10.20%   | IA                                | N/A  |

| <u>Fund/Class</u>   | <u>No. of Shares</u> | <u>Percent of the Class<br/>Total Assets Held by<br/>the Shareholder</u> | <u>State of<br/>Incorporation</u> | <u>Parent Company</u>   |
|---|----------------------|--|-----------------------------------|---|
| NATIONWIDE INVESTMENT SERVICES CORP<br>ONE NATIONWIDE PLAZA, 02-02-18<br>COLUMBUS, OH 43215                                       | 62,288.280           | 6.19%  | OH                                | Nationwide<br>Mutual<br>Insurance<br>Company  |
| <b>PROFUND VP CONSUMER GOODS</b>  |                      |  |                                   |   |
| AMERICAN SKANDIA LIFE ASSURANCE CORP<br>213 WASHINGTON ST 7TH FL SEPARATE ACCTS<br>NEWARK NJ 07102                                | 179,290.304          | 62.11%   | CT                                | American<br>Skandia Life<br>Assurance<br>Corporation                                |
| <b>PROFUND VP CONSUMER SERVICES</b>   |                      |  |                                   |   |
| TRANSAMERICA PREMIER LIFE INSURANCE<br>CO<br>4333 EDGEWOOD RD NE<br>CEDAR RAPIDS IA 52499   | 151,144.871          | 37.28%   | DE                                | Transamerica<br>Corporation<br>American<br>Skandia Life<br>Assurance<br>Corporation |
| AMERICAN SKANDIA LIFE ASSURANCE CORP<br>213 WASHINGTON ST 7TH FL SEPARATE ACCTS<br>NEWARK NJ 07102                                | 134,357.447          | 33.14%   | CT                                | Corporation   |
| <b>PROFUND VP DOW 30</b>  |                      |  |                                   |   |
| PROFUND ADVISORS LLC<br>7501 WISCONSIN AVE SUITE 1000<br>BETHESDA MD 20814  | 4,701.194            | 55.61%   | MD                                | N/A   |
| MIDLAND NATIONAL LIFE INSURANCE<br>COMPANY<br>4350 WESTOWN PKWY<br>ATTN VARIABLE ANNUITY DIVISION<br>WEST DES MOINES IA 502661144 | 3,072.179            | 36.34%   | ND                                | Sammons<br>Financial<br>Group   |
| <b>PROFUND VP EMERGING MARKETS</b>  |                      |  |                                   |   |
| TRANSAMERICA PREMIER LIFE INSURANCE<br>CO<br>4333 EDGEWOOD RD NE<br>CEDAR RAPIDS IA 52499   | 545,220.082          | 72.55%   | DE                                | Transamerica<br>Corporation   |
| <b>PROFUND VP EUROPE 30</b>   |                      |  |                                   |   |
| AMERICAN SKANDIA LIFE ASSURANCE CORP<br>213 WASHINGTON ST 7TH FL SEPARATE ACCTS<br>NEWARK NJ 07102<br>FORT WAYNE IN 46802         | 318,394.682          | 41.85%   | CT                                | American<br>Skandia Life<br>Assurance<br>Corporation                                |
| <b>PROFUND VP FALLING U.S. DOLLAR</b>   |                      |  |                                   |   |
| JEFFERSON NATIONAL LIFE INSURANCE CO<br>10350 ORMSBY PARK PL STE 600<br>LOUISVILLE KY 402236178                                   | 26,722.578           | 65.74%   | KY                                | N/A   |

| <u>Fund/Class</u>  | <u>No. of Shares</u> | <u>Percent of the Class<br/>Total Assets Held by<br/>the Shareholder</u> | <u>State of<br/>Incorporation</u> | <u>Parent Company</u>                                |
|--|----------------------|--|-----------------------------------|--|
| TRANSAMERICA PREMIER LIFE INSURANCE<br>CO<br>4333 EDGEWOOD RD NE<br>CEDAR RAPIDS IA 52499          | 12,396.923           | 30.50%   | DE                                | Transamerica<br>Corporation                          |
| <b>PROFUND VP FINANCIALS</b>   |                      |  |                                   |  |
| AMERICAN SKANDIA LIFE ASSURANCE CORP<br>213 WASHINGTON ST 7TH FL SEPARATE ACCTS<br>NEWARK NJ 07102 | 277,428.540          | 37.19%   | CT                                | American<br>Skandia Life<br>Assurance<br>Corporation |
| <b>PROFUND VP HEALTHCARE</b>   |                      |  |                                   |  |
| AMERICAN SKANDIA LIFE ASSURANCE CORP<br>213 WASHINGTON ST 7TH FL SEPARATE ACCTS<br>NEWARK NJ 07102 | 370,768.735          | 55.92%   | CT                                | American<br>Skandia Life<br>Assurance<br>Corporation |
| <b>PROFUND VP INDUSTRIALS</b>  |                      |  |                                   |  |
| AMERICAN SKANDIA LIFE ASSURANCE CORP<br>213 WASHINGTON ST 7TH FL SEPARATE ACCTS<br>NEWARK NJ 07102 | 101,910.000          | 49.41%   | CT                                | American<br>Skandia Life<br>Assurance<br>Corporation |
| <b>PROFUND VP INTERNATIONAL</b>  |                      |  |                                   |  |
| TRANSAMERICA PREMIER LIFE INSURANCE<br>CO<br>4333 EDGEWOOD RD NE<br>CEDAR RAPIDS IA 52499          | 507,962.189          | 85.23%   | DE                                | Transamerica<br>Corporation                          |
| <b>PROFUND VP INTERNET</b>   |                      |  |                                   |  |
| AMERICAN SKANDIA LIFE ASSURANCE CORP<br>213 WASHINGTON ST 7TH FL SEPARATE ACCTS<br>NEWARK NJ 07102 | 144,866.765          | 38.42%   | CT                                | American<br>Skandia Life<br>Assurance<br>Corporation |
| NATIONWIDE INVESTMENT SERVICES CORP.<br>ONE NATIONWIDE PLAZA, 02-02-18<br>COLUMBUS OH 43215        | 133,724.169          | 35.47%   | OH                                | Nationwide<br>Mutual<br>Insurance<br>Company         |
| <b>PROFUND VP JAPAN</b>  |                      |  |                                   |  |
| AMERICAN SKANDIA LIFE ASSURANCE CORP<br>213 WASHINGTON ST 7TH FL SEPARATE ACCTS<br>NEWARK NJ 07102 | 69,062.990           | 53.76%   | CT                                | American<br>Skandia Life<br>Assurance<br>Corporation |
| <b>PROFUND VP LARGE CAP GROWTH</b>   |                      |  |                                   |  |
| AMERICAN SKANDIA LIFE ASSURANCE CORP<br>213 WASHINGTON ST 7TH FL SEPARATE ACCTS<br>NEWARK NJ 07102 | 222,031.115          | 69.62%   | CT                                | American<br>Skandia Life<br>Assurance<br>Corporation |
| <b>PROFUND VP LARGE CAP VALUE</b>  |                      |  |                                   |  |

| <u>Fund/Class</u>  | <u>No. of Shares</u> | <u>Percent of the Class<br/>Total Assets Held by<br/>the Shareholder</u> | <u>State of<br/>Incorporation</u> | <u>Parent Company</u>                                |
|--|----------------------|--|-----------------------------------|--|
| AMERICAN SKANDIA LIFE ASSURANCE CORP<br>213 WASHINGTON ST 7TH FL SEPARATE ACCTS<br>NEWARK NJ 07102 | 245,739.629          | 70.79%   | CT                                | American<br>Skandia Life<br>Assurance<br>Corporation |
| <b>PROFUND VP MID-CAP</b>  |                      |  |                                   |  |
| TRANSAMERICA PREMIER LIFE INSURANCE<br>CO<br>4333 EDGEWOOD RD NE<br>CEDAR RAPIDS IA 52499          | 655,462.987          | 72.31%   | DE                                | Transamerica<br>Corporation                          |
| JEFFERSON NATIONAL LIFE INSURANCE CO<br>10350 ORMSBY PARK PL STE 600<br>LOUISVILLE KY 402236178    | 230,111.575          | 25.39%   | KY                                | N/A  |
| <b>PROFUND VP MID-CAP GROWTH</b>   |                      |  |                                   |  |
| AMERICAN SKANDIA LIFE ASSURANCE CORP<br>213 WASHINGTON ST 7TH FL SEPARATE ACCTS<br>NEWARK NJ 07102 | 336,126.668          | 89.11%   | CT                                | American<br>Skandia Life<br>Assurance<br>Corporation |
| <b>PROFUND VP MID-CAP VALUE</b>  |                      |  |                                   |  |
| AMERICAN SKANDIA LIFE ASSURANCE CORP<br>213 WASHINGTON ST 7TH FL SEPARATE ACCTS<br>NEWARK NJ 07102 | 286,602.154          | 64.89%   | CT                                | American<br>Skandia Life<br>Assurance<br>Corporation |
| JEFFERSON NATIONAL LIFE INSURANCE CO<br>10350 ORMSBY PARK PL STE 600<br>LOUISVILLE KY 402236178    | 130,249.986          | 29.49%   | KY                                | N/A  |
| <b>PROFUND VP NASDAQ-100</b>   |                      |  |                                   |  |
| JEFFERSON NATIONAL LIFE INSURANCE CO<br>10350 ORMSBY PARK PL STE 600<br>LOUISVILLE KY 402236178    | 565,255.188          | 29.40%   | KY                                | N/A  |
| TRANSAMERICA PREMIER LIFE INSURANCE<br>CO<br>4333 EDGEWOOD RD NE<br>CEDAR RAPIDS IA 52499          | 724,664.649          | 37.69%   | DE                                | Transamerica<br>Corporation                          |
| <b>PROFUND VP OIL &amp; GAS</b>  |                      |  |                                   |  |
| AMERICAN SKANDIA LIFE ASSURANCE CORP<br>213 WASHINGTON ST 7TH FL SEPARATE ACCTS<br>NEWARK NJ 07102 | 358,627.078          | 31.56%   | CT                                | American<br>Skandia Life<br>Assurance<br>Corporation |
| TRANSAMERICA PREMIER LIFE INSURANCE<br>CO<br>4333 EDGEWOOD RD NE<br>CEDAR RAPIDS IA 52499          | 345,969.520          | 30.45%   | DE                                | Transamerica<br>Corporation                          |
| <b>PROFUND VP PHARMACEUTICALS</b>  |                      |  |                                   |  |



| <u>Fund/Class</u>  | <u>No. of Shares</u> | <u>Percent of the Class<br/>Total Assets Held by<br/>the Shareholder</u> | <u>State of<br/>Incorporation</u> | <u>Parent Company</u>                                |
|--|----------------------|--|-----------------------------------|--|
| TRANSAMERICA PREMIER LIFE INSURANCE<br>CO<br>4333 EDGEWOOD RD NE<br>CEDAR RAPIDS IA 52499          | 249,674.617          | 64.58%   | DE                                | Transamerica<br>Corporation                          |
| <b>PROFUND VP PRECIOUS METALS</b>  |                      |  |                                   |  |
| AMERICAN SKANDIA LIFE ASSURANCE CORP<br>213 WASHINGTON ST 7TH FL SEPARATE ACCTS<br>NEWARK NJ 07102 | 427,590.280          | 39.19%   | CT                                | American<br>Skandia Life<br>Assurance<br>Corporation |
| TRANSAMERICA PREMIER LIFE INSURANCE<br>CO<br>4333 EDGEWOOD RD NE<br>CEDAR RAPIDS IA 52499          | 412,648.619          | 37.82%   | DE                                | Transamerica<br>Corporation                          |
| <b>PROFUND VP REAL ESTATE</b>  |                      |  |                                   |  |
| AMERICAN SKANDIA LIFE ASSURANCE CORP<br>213 WASHINGTON ST 7TH FL SEPARATE ACCTS<br>NEWARK NJ 07102 | 107,140.506          | 57.95%   | CT                                | American<br>Skandia Life<br>Assurance<br>Corporation |
| <b>PROFUND VP RISING RATES OPPORTUNITY</b>   |                      |  |                                   |  |
| JEFFERSON NATIONAL LIFE INSURANCE CO<br>10350 ORMSBY PARK PL STE 600<br>LOUISVILLE KY 402236178    | 61,981.685           | 29.58%   | KY                                | N/A  |
| <b>PROFUND VP SEMICONDUCTOR</b>  |                      |  |                                   |  |
| AMERICAN SKANDIA LIFE ASSURANCE CORP<br>213 WASHINGTON ST 7TH FL SEPARATE ACCTS<br>NEWARK NJ 07102 | 57,695.312           | 35.44%   | CT                                | American<br>Skandia Life<br>Assurance<br>Corporation |
| NATIONWIDE INVESTMENT SERVICES CORP.<br>ONE NATIONWIDE PLAZA, 02-02-18<br>COLUMBUS OH 43215        | 52,986.394           | 32.55%   | OH                                | Nationwide<br>Mutual<br>Insurance<br>Company         |
| JEFFERSON NATIONAL LIFE INSURANCE CO<br>10350 ORMSBY PARK PL STE 600<br>LOUISVILLE KY 402236178    | 48,738.664           | 29.94%   | KY                                | N/A  |
| <b>PROFUND VP SHORT DOW 30</b>   |                      |  |                                   |  |
| PROFUND ADVISORS LLC<br>7501 WISCONSIN AVE SUITE 1000<br>BETHESDA MD 20814                         | 194.043              | 63.86%   | MD                                | N/A  |
| <b>PROFUND VP SHORT EMERGING MARKETS</b>   |                      |  |                                   |  |
| TRANSAMERICA PREMIER LIFE INSURANCE<br>CO<br>4333 EDGEWOOD RD NE<br>CEDAR RAPIDS IA 52499          | 12,233.173           | 54.72%   | DE                                | Transamerica<br>Corporation                          |

| <u>Fund/Class</u>  | <u>No. of Shares</u> | <u>Percent of the Class<br/>Total Assets Held by<br/>the Shareholder</u> | <u>State of<br/>Incorporation</u> | <u>Parent Company</u>                                |
|--|----------------------|--|-----------------------------------|--|
| JEFFERSON NATIONAL LIFE INSURANCE CO<br>10350 ORMSBY PARK PL STE 600<br>LOUISVILLE KY 402236178    | 9,385.128            | 41.98%   | KY                                | N/A  |
| <b>PROFUND VP SHORT INTERNATIONAL</b>  |                      |  |                                   |  |
| TRANSAMERICA PREMIER LIFE INSURANCE<br>CO<br>4333 EDGEWOOD RD NE<br>CEDAR RAPIDS IA 52499          | 12,419.191           | 70.10%   | DE                                | Transamerica<br>Corporation                          |
| <b>PROFUND VP SHORT MID-CAP</b>  |                      |  |                                   |  |
| AMERICAN SKANDIA LIFE ASSURANCE CORP<br>213 WASHINGTON ST 7TH FL SEPARATE ACCTS<br>NEWARK NJ 07102 | 4,014.670            | 81.60%   | CT                                | American<br>Skandia Life<br>Assurance<br>Corporation |
| <b>PROFUND VP SHORT NASDAQ-100</b>   |                      |  |                                   |  |
| TRANSAMERICA PREMIER LIFE INSURANCE<br>CO<br>4333 EDGEWOOD RD NE<br>CEDAR RAPIDS IA 52499          | 51,660.722           | 49.67%   | DE                                | Transamerica<br>Corporation                          |
| AMERICAN SKANDIA LIFE ASSURANCE CORP<br>213 WASHINGTON ST 7TH FL SEPARATE ACCTS<br>NEWARK NJ 07102 | 32,057.726           | 30.82%   | CT                                | American<br>Skandia Life<br>Assurance<br>Corporation |
| <b>PROFUND VP SHORT SMALL-CAP</b>  |                      |  |                                   |  |
| TRANSAMERICA PREMIER LIFE INSURANCE<br>CO<br>4333 EDGEWOOD RD NE<br>CEDAR RAPIDS IA 52499          | 25,215.379           | 38.69%   | DE                                | Transamerica<br>Corporation                          |
| JEFFERSON NATIONAL LIFE INSURANCE CO<br>10350 ORMSBY PARK PL STE 600<br>LOUISVILLE KY 402236178    | 33,058.111           | 50.72%   | KY                                | N/A  |
| <b>PROFUND VP SMALL-CAP</b>  |                      |  |                                   |  |
| JEFFERSON NATIONAL LIFE INSURANCE CO<br>10350 ORMSBY PARK PL STE 600<br>LOUISVILLE KY 402236178    | 265,442.422          | 52.96%   | KY                                | N/A  |
| TRANSAMERICA PREMIER LIFE INSURANCE<br>CO<br>4333 EDGEWOOD RD NE<br>CEDAR RAPIDS IA 52499          | 221,108.354          | 44.11%   | DE                                | Transamerica<br>Corporation                          |
| <b>PROFUND VP SMALL-CAP GROWTH</b>   |                      |  |                                   |  |
| AMERICAN SKANDIA LIFE ASSURANCE CORP<br>213 WASHINGTON ST 7TH FL SEPARATE ACCTS<br>NEWARK NJ 07102 | 385,090.503          | 60.83%   | CT                                | American<br>Skandia Life<br>Assurance<br>Corporation |

| <u>Fund/Class</u>  | <u>No. of Shares</u> | <u>Percent of the Class<br/>Total Assets Held by<br/>the Shareholder</u> | <u>State of<br/>Incorporation</u> | <u>Parent Company</u>                                |
|--|----------------------|--|-----------------------------------|--|
| <b>PROFUND VP SMALL-CAP VALUE</b>  |                      |  |                                   |  |
| AMERICAN SKANDIA LIFE ASSURANCE CORP<br>213 WASHINGTON ST 7TH FL SEPARATE ACCTS<br>NEWARK NJ 07102 | 250,477.251          | 37.04%   | CT                                | American<br>Skandia Life<br>Assurance<br>Corporation |
| <b>PROFUND VP TECHNOLOGY</b>   |                      |  |                                   |  |
| LINCOLN NATIONAL LIFE INS CO<br>1300 SOUTH CLINTON ST<br>FORT WAYNE IN 46802                       | 183,162.415          | 27.76%   | IN                                | Lincoln<br>Financial<br>Group                        |
| AMERICAN SKANDIA LIFE ASSURANCE CORP<br>213 WASHINGTON ST 7TH FL SEPARATE ACCTS<br>NEWARK NJ 07102 | 239,798.672          | 36.35%   | CT                                | American<br>Skandia Life<br>Assurance<br>Corporation |
| <b>PROFUND VP TELECOMMUNICATIONS</b>   |                      |  |                                   |  |
| AMERICAN SKANDIA LIFE ASSURANCE CORP<br>213 WASHINGTON ST 7TH FL SEPARATE ACCTS<br>NEWARK NJ 07102 | 106,656.214          | 49.66%   | CT                                | American<br>Skandia Life<br>Assurance<br>Corporation |
| <b>PROFUND VP U.S. GOVERNMENT PLUS</b>   |                      |  |                                   |  |
| TRANSAMERICA PREMIER LIFE INSURANCE<br>CO<br>4333 EDGEWOOD RD NE<br>CEDAR RAPIDS IA 52499          | 268,851.438          | 42.49%   | DE                                | Transamerica<br>Corporation                          |
| AMERICAN SKANDIA LIFE ASSURANCE CORP<br>213 WASHINGTON ST 7TH FL SEPARATE ACCTS<br>NEWARK NJ 07102 | 207,955.085          | 32.86%   | CT                                | American<br>Skandia Life<br>Assurance<br>Corporation |
| <b>PROFUND VP ULTRABULL</b>  |                      |  |                                   |  |
| AMERICAN SKANDIA LIFE ASSURANCE CORP<br>213 WASHINGTON ST 7TH FL SEPARATE ACCTS<br>NEWARK NJ 07102 | 275,315.405          | 54.26%   | CT                                | American<br>Skandia Life<br>Assurance                |
| <b>PROFUND VP ULTRA MID-CAP</b>  |                      |  |                                   |  |
| AMERICAN SKANDIA LIFE ASSURANCE CORP<br>213 WASHINGTON ST 7TH FL SEPARATE ACCTS<br>NEWARK NJ 07102 | 164,428.745          | 55.14%   | CT                                | American<br>Skandia Life<br>Assurance<br>Corporation |
| <b>PROFUND VP ULTRANASDAQ-100</b>  |                      |  |                                   |  |
| AMERICAN SKANDIA LIFE ASSURANCE CORP<br>213 WASHINGTON ST 7TH FL SEPARATE ACCTS<br>NEWARK NJ 07102 | 763,912.297          | 35.81%   | CT                                | American<br>Skandia Life<br>Assurance<br>Corporation |

| <u>Fund/Class</u>  | <u>No. of Shares</u> | <u>Percent of the Class<br/>Total Assets Held by<br/>the Shareholder</u> | <u>State of<br/>Incorporation</u> | <u>Parent Company</u>                       |
|--|----------------------|--|-----------------------------------|---|
| <b>TRANSAMERICA PREMIER LIFE INSURANCE CO</b>              |                      |  |                                   |   |
| 4333 EDGEWOOD RD NE<br>CEDAR RAPIDS IA 52499               | 751,614.864          | 35.23%   | DE                                | Transamerica Corporation                    |
| <b>PROFUND VP ULTRASHORT DOW 30</b>                        |                      |  |                                   |   |
| <b>PROFUND ADVISORS LLC</b>                                |                      |  |                                   |   |
| 7501 WISCONSIN AVE SUITE 1000<br>BETHESDA MD 20814         | 75.415               | 85.96%   | MD                                | N/A   |
| <b>PROFUND VP ULTRASHORT NASDAQ-100</b>                    |                      |  |                                   |   |
| <b>JEFFERSON NATIONAL LIFE INSURANCE CO</b>                |                      |  |                                   |   |
| 10350 ORMSBY PARK PL STE 600<br>LOUISVILLE KY 402236178    | 9,115.335            | 75.55%   | KY                                | N/A   |
| <b>PROFUND VP ULTRASMALL-CAP</b>                           |                      |  |                                   |   |
| <b>TRANSAMERICA PREMIER LIFE INSURANCE CO</b>              |                      |  |                                   |   |
| 4333 EDGEWOOD RD NE<br>CEDAR RAPIDS IA 52499               | 527,796.361          | 52.50%   | DE                                | Transamerica Corporation                    |
| <b>AMERICAN SKANDIA LIFE ASSURANCE CORP</b>                |                      |  |                                   |   |
| 213 WASHINGTON ST 7TH FL SEPARATE ACCTS<br>NEWARK NJ 07102 | 289,340.491          | 28.78%   | CT                                | American Skandia Life Assurance Corporation |
| <b>PROFUND VP UTILITIES</b>                                |                      |  |                                   |   |
| <b>AMERICAN SKANDIA LIFE ASSURANCE CORP</b>                |                      |  |                                   |   |
| 213 WASHINGTON ST 7TH FL SEPARATE ACCTS<br>NEWARK NJ 07102 | 421,173.969          | 47.53%   | CT                                | American Skandia Life Assurance Corporation |
| <b>PROFUND VP GOVERNMENT MONEY MARKET</b>                  |                      |  |                                   |   |
| <b>TRANSAMERICA PREMIER LIFE INSURANCE CO</b>              |                      |  |                                   |   |
| 4333 EDGEWOOD RD NE<br>CEDAR RAPIDS IA 52499               | 26,785,936.840       | 61.00%   | DE                                | Transamerica Corporation                    |

As of April 1, 2021, the following persons owned of record, or to the knowledge of management beneficially owned, 5% or more of the outstanding shares of the Fund:

| <u>Name and Address</u>                       | <u>Shares Owned</u> | <u>Percentage<br/>Shares of the Fund</u> |
|---|---------------------|--|
| <b>PROFUND VP ASIA 30</b>                     |                     |  |
| <b>LINCOLN NATIONAL LIFE INS CO</b>           |                     |  |
| 1300 SOUTH CLINTON ST<br>FORT WAYNE IN 46802  | 132,197.439         | 30.67%                                   |
| <b>TRANSAMERICA PREMIER LIFE INSURANCE CO</b> |                     |  |
| 4333 EDGEWOOD RD NE<br>CEDAR RAPIDS IA 52499  | 120,854.142         | 28.04%                                   |

| <u>Name and Address</u>  | <u>Shares Owned</u> | <u>Percentage<br/>Shares of the Fund</u> |
|--|---------------------|--|
| AMERICAN SKANDIA LIFE ASSURANCE CORP<br>213 WASHINGTON ST 7TH FL SEPARATE ACCTS<br>NEWARK NJ 07102 | 108,196.310         | 25.10%                                   |
| JEFFERSON NATIONAL LIFE INSURANCE CO<br>10350 ORMSBY PARK PL STE 600<br>LOUISVILLE KY 402236178    | 35,984.307          | 8.35%                                    |
| <b>PROFUND VP BANKS</b>  |                     |  |
| AMERICAN SKANDIA LIFE ASSURANCE CORP<br>213 WASHINGTON ST 7TH FL SEPARATE ACCTS<br>NEWARK NJ 07102 | 147,686.516         | 53.14%                                   |
| NATIONWIDE INVESTMENT SERVICES CORP<br>ONE NATIONWIDE PLAZA, 02-02-18<br>COLUMBUS, OH 43215        | 71,072.227          | 25.57%                                   |
| JEFFERSON NATIONAL LIFE INSURANCE CO<br>10350 ORMSBY PARK PL STE 600<br>LOUISVILLE KY 402236178    | 56,328.163          | 20.27%                                   |
| <b>PROFUND VP BASIC MATERIALS</b>  |                     |  |
| AMERICAN SKANDIA LIFE ASSURANCE CORP<br>213 WASHINGTON ST 7TH FL SEPARATE ACCTS<br>NEWARK NJ 07102 | 66,105.994          | 31.13%                                   |
| TRANSAMERICA PREMIER LIFE INSURANCE CO<br>4333 EDGEWOOD RD NE<br>CEDAR RAPIDS IA 52499             | 70,570.577          | 33.23%                                   |
| JEFFERSON NATIONAL LIFE INSURANCE CO<br>10350 ORMSBY PARK PL STE 600<br>LOUISVILLE KY 402236178    | 46,839.648          | 22.06%                                   |
| NATIONWIDE INVESTMENT SERVICES CORP<br>ONE NATIONWIDE PLAZA, 02-02-18<br>COLUMBUS, OH 43215        | 26,201.499          | 12.34%                                   |
| <b>PROFUND VP BEAR</b>   |                     |  |
| AMERICAN SKANDIA LIFE ASSURANCE CORP<br>213 WASHINGTON ST 7TH FL SEPARATE ACCTS<br>NEWARK NJ 07102 | 74,998.347          | 69.57%                                   |
| JEFFERSON NATIONAL LIFE INSURANCE CO<br>10350 ORMSBY PARK PL STE 600<br>LOUISVILLE KY 402236178    | 15,841.103          | 14.70%                                   |
| NATIONWIDE INVESTMENT SERVICES CORP<br>ONE NATIONWIDE PLAZA, 02-02-18<br>COLUMBUS, OH 43215        | 11,629.553          | 10.79%                                   |
| <b>PROFUND VP BIOTECHNOLOGY</b>  |                     |  |

| <u>Name and Address</u>  | <u>Shares Owned</u> | <u>Percentage<br/>Shares of the Fund</u> |
|--|---------------------|--|
| AXA EQUITABLE LIFE INSURANCE CO<br>1290 AVENUE OF THE AMERICAS<br>NEW YORK NY 101040101            | 530,018.830         | 74.75%                                   |
| AMERICAN SKANDIA LIFE ASSURANCE CORP<br>213 WASHINGTON ST 7TH FL SEPARATE ACCTS<br>NEWARK NJ 07102 | 95,492.024          | 13.47%                                   |
| NATIONWIDE INVESTMENT SERVICES CORP.<br>ONE NATIONWIDE PLAZA, 02-02-18<br>COLUMBUS OH 43215        | 59,407.745          | 8.38%                                    |
| <b>PROFUND VP BULL</b>   |                     |  |
| AMERICAN SKANDIA LIFE ASSURANCE CORP<br>213 WASHINGTON ST 7TH FL SEPARATE ACCTS<br>NEWARK NJ 07102 | 258,390.780         | 25.70%                                   |
| TRANSAMERICA PREMIER LIFE INSURANCE CO<br>4333 EDGEWOOD RD NE<br>CEDAR RAPIDS IA 52499             | 249,920.674         | 24.86%                                   |
| VENERABLE INSURANCE AND ANNUITY<br>1475 DUNWOODY DR<br>WEST CHESTER PA 19380                       | 102,531.595         | 10.20%                                   |
| NATIONWIDE INVESTMENT SERVICES CORP<br>ONE NATIONWIDE PLAZA, 02-02-18<br>COLUMBUS, OH 43215        | 62,288.280          | 6.19%                                    |
| <b>PROFUND VP CONSUMER GOODS</b>   |                     |  |
| AMERICAN SKANDIA LIFE ASSURANCE CORP<br>213 WASHINGTON ST 7TH FL SEPARATE ACCTS<br>NEWARK NJ 07102 | 179,290.304         | 62.11%                                   |
| NATIONWIDE INVESTMENT SERVICES CORP.<br>ONE NATIONWIDE PLAZA, 02-02-18<br>COLUMBUS OH 43215        | 60,105.121          | 20.82%                                   |
| JEFFERSON NATIONAL LIFE INSURANCE CO<br>10350 ORMSBY PARK PL STE 600<br>LOUISVILLE KY 402236178    | 40,042.236          | 13.87%                                   |
| <b>PROFUND VP CONSUMER SERVICES</b>  |                     |  |
| TRANSAMERICA PREMIER LIFE INSURANCE CO<br>4333 EDGEWOOD RD NE<br>CEDAR RAPIDS IA 52499             | 151,144.871         | 37.28%                                   |
| AMERICAN SKANDIA LIFE ASSURANCE CORP<br>213 WASHINGTON ST 7TH FL SEPARATE ACCTS<br>NEWARK NJ 07102 | 134,357.447         | 33.14%                                   |
| NATIONWIDE INVESTMENT SERVICES CORP.<br>ONE NATIONWIDE PLAZA, 02-02-18<br>COLUMBUS OH 43215        | 50,938.763          | 12.56%                                   |

| <u>Name and Address</u>  | <u>Shares Owned</u> | <u>Percentage<br/>Shares of the Fund</u> |
|--|---------------------|--|
| JEFFERSON NATIONAL LIFE INSURANCE CO<br>10350 ORMSBY PARK PL STE 600<br>LOUISVILLE KY 402236178                                    | 41,223.149          | 10.17%                                   |
| <b>PROFUND VP DOW 30</b>   |                     |  |
| PROFUND ADVISORS LLC<br>7501 WISCONSIN AVE SUITE 1000<br>BETHESDA MD 20814   | 4,701.194           | 55.61%                                   |
| MIDLAND NATIONAL LIFE INSURANCE COMPANY<br>8300 MILLS CIVIC PKWY<br>ATTN VARIABLE ANNUITY DIVISION<br>WEST DES MOINES IA 502663833 | 3,072.179           | 36.34%                                   |
| AMERITAS LIFE INSURANCE COMPANY<br>5900 'O' STREET<br>LINCOLN NE 68510   | 680.584             | 8.05%                                    |
| <b>PROFUND VP EMERGING MARKETS</b>   |                     |  |
| TRANSAMERICA PREMIER LIFE INSURANCE CO<br>4333 EDGEWOOD RD NE<br>CEDAR RAPIDS IA 52499   | 545,220.082         | 72.55%                                   |
| JEFFERSON NATIONAL LIFE INSURANCE CO<br>10350 ORMSBY PARK PL STE 600<br>LOUISVILLE KY 402236178                                    | 129,046.947         | 17.17%                                   |
| NATIONWIDE INVESTMENT SERVICES CORP.<br>ONE NATIONWIDE PLAZA, 02-02-18<br>COLUMBUS OH 43215  | 69,865.596          | 9.30%                                    |
| <b>PROFUND VP EUROPE 30</b>  |                     |  |
| AMERICAN SKANDIA LIFE ASSURANCE CORP<br>213 WASHINGTON ST 7TH FL SEPARATE ACCTS<br>NEWARK NJ 07102                                 | 318,394.682         | 41.85%                                   |
| LINCOLN NATIONAL LIFE INS CO<br>1300 SOUTH CLINTON ST<br>FORT WAYNE IN 46802   | 165,579.909         | 21.76%                                   |
| TRANSAMERICA PREMIER LIFE INSURANCE CO<br>4333 EDGEWOOD RD NE<br>CEDAR RAPIDS IA 52499   | 78,245.288          | 10.28%                                   |
| NATIONWIDE INVESTMENT SERVICES CORP.<br>ONE NATIONWIDE PLAZA, 02-02-18<br>COLUMBUS OH 43215  | 66,919.663          | 8.80%                                    |
| VENERABLE INSURANCE AND ANNUITY<br>1475 DUNWOODY DR<br>WEST CHESTER PA 19380   | 64,929.407          | 8.53%                                    |



| <u>Name and Address</u>  | <u>Shares Owned</u> | <u>Percentage<br/>Shares of the Fund</u> |
|--|---------------------|--|
| JEFFERSON NATIONAL LIFE INSURANCE CO<br>10350 ORMSBY PARK PL STE 600<br>LOUISVILLE KY 402236178    | 59,570.274          | 7.83%                                    |
| <b>PROFUND VP FALLING U.S. DOLLAR</b>  |                     |  |
| JEFFERSON NATIONAL LIFE INSURANCE CO<br>10350 ORMSBY PARK PL STE 600<br>LOUISVILLE KY 402236178    | 26,722.578          | 65.74%                                   |
| TRANSAMERICA PREMIER LIFE INSURANCE CO<br>4333 EDGEWOOD RD NE<br>CEDAR RAPIDS IA 52499             | 12,396.923          | 30.50%                                   |
| <b>PROFUND VP FINANCIALS</b>   |                     |  |
| AMERICAN SKANDIA LIFE ASSURANCE CORP<br>213 WASHINGTON ST 7TH FL SEPARATE ACCTS<br>NEWARK NJ 07102 | 277,428.540         | 37.19%                                   |
| TRANSAMERICA PREMIER LIFE INSURANCE CO<br>4333 EDGEWOOD RD NE<br>CEDAR RAPIDS IA 52499             | 185,690.165         | 24.89%                                   |
| JEFFERSON NATIONAL LIFE INSURANCE CO<br>10350 ORMSBY PARK PL STE 600<br>LOUISVILLE KY 402236178    | 117,772.516         | 15.79%                                   |
| NATIONWIDE INVESTMENT SERVICES CORP.<br>ONE NATIONWIDE PLAZA, 02-02-18<br>COLUMBUS OH 43215        | 70,533.803          | 9.45%                                    |
| LINCOLN NATIONAL LIFE INS CO<br>1300 SOUTH CLINTON ST<br>FORT WAYNE IN 46802                       | 65,457.880          | 8.77%                                    |
| <b>PROFUND VP HEALTH CARE</b>  |                     |  |
| AMERICAN SKANDIA LIFE ASSURANCE CORP<br>213 WASHINGTON ST 7TH FL SEPARATE ACCTS<br>NEWARK NJ 07102 | 370,768.735         | 55.92%                                   |
| NATIONWIDE INVESTMENT SERVICES CORP.<br>ONE NATIONWIDE PLAZA, 02-02-18<br>COLUMBUS OH 43215        | 101,599.180         | 15.32%                                   |
| LINCOLN NATIONAL LIFE INS CO<br>1300 SOUTH CLINTON ST<br>FORT WAYNE IN 46802                       | 91,371.216          | 13.78%                                   |
| JEFFERSON NATIONAL LIFE INSURANCE CO<br>10350 ORMSBY PARK PL STE 600<br>LOUISVILLE KY 402236178    | 55,928.942          | 8.43%                                    |
| <b>PROFUND VP INDUSTRIALS</b>  |                     |  |

| <u>Name and Address</u>  | <u>Shares Owned</u> | <u>Percentage<br/>Shares of the Fund</u> |
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| AMERICAN SKANDIA LIFE ASSURANCE CORP<br>213 WASHINGTON ST 7TH FL SEPARATE ACCTS<br>NEWARK NJ 07102 | 101,910.000         | 49.41%                                   |
| JEFFERSON NATIONAL LIFE INSURANCE CO<br>10350 ORMSBY PARK PL STE 600<br>LOUISVILLE KY 402236178    | 46,267.404          | 22.43%                                   |
| NATIONWIDE INVESTMENT SERVICES CORP.<br>ONE NATIONWIDE PLAZA, 02-02-18<br>COLUMBUS OH 43215        | 45,511.749          | 22.07%                                   |
| <b>PROFUND VP INTERNATIONAL</b>  |                     |  |
| TRANSAMERICA PREMIER LIFE INSURANCE CO<br>4333 EDGEWOOD RD NE<br>CEDAR RAPIDS IA 52499             | 507,962.189         | 85.23%                                   |
| JEFFERSON NATIONAL LIFE INSURANCE CO<br>10350 ORMSBY PARK PL STE 600<br>LOUISVILLE KY 402236178    | 49,960.374          | 8.38%                                    |
| NATIONWIDE INVESTMENT SERVICES CORP.<br>ONE NATIONWIDE PLAZA, 02-02-18<br>COLUMBUS OH 43215        | 34,340.907          | 5.76%                                    |
| <b>PROFUND VP INTERNET</b>   |                     |  |
| AMERICAN SKANDIA LIFE ASSURANCE CORP<br>213 WASHINGTON ST 7TH FL SEPARATE ACCTS<br>NEWARK NJ 07102 | 144,866.765         | 38.42%                                   |
| NATIONWIDE INVESTMENT SERVICES CORP.<br>ONE NATIONWIDE PLAZA, 02-02-18<br>COLUMBUS OH 43215        | 133,724.169         | 35.47%                                   |
| JEFFERSON NATIONAL LIFE INSURANCE CO<br>10350 ORMSBY PARK PL STE 600<br>LOUISVILLE KY 402236178    | 86,409.792          | 22.92%                                   |
| <b>PROFUND VP JAPAN</b>  |                     |  |
| AMERICAN SKANDIA LIFE ASSURANCE CORP<br>213 WASHINGTON ST 7TH FL SEPARATE ACCTS<br>NEWARK NJ 07102 | 69,062.990          | 53.76%                                   |
| TRANSAMERICA PREMIER LIFE INSURANCE CO<br>4333 EDGEWOOD RD NE<br>CEDAR RAPIDS IA 52499             | 20,174.169          | 15.70%                                   |
| JEFFERSON NATIONAL LIFE INSURANCE CO<br>10350 ORMSBY PARK PL STE 600<br>LOUISVILLE KY 402236178    | 17,786.000          | 13.85%                                   |
| NATIONWIDE INVESTMENT SERVICES CORP.<br>ONE NATIONWIDE PLAZA, 02-02-18<br>COLUMBUS OH 43215        | 17,762.325          | 13.83%                                   |

| <u>Name and Address</u>  | <u>Shares Owned</u> | <u>Percentage<br/>Shares of the Fund</u> |
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| <b>PROFUND VP LARGE CAP GROWTH</b><br>AMERICAN SKANDIA LIFE ASSURANCE CORP<br>213 WASHINGTON ST 7TH FL SEPARATE ACCTS<br>NEWARK NJ 07102 | 222,031.115         | 69.62%                                   |
| JEFFERSON NATIONAL LIFE INSURANCE CO<br>10350 ORMSBY PARK PL STE 600<br>LOUISVILLE KY 402236178  | 31,445.524          | 9.86%                                    |
| LINCOLN NATIONAL LIFE INS CO<br>1300 SOUTH CLINTON ST<br>FORT WAYNE IN 46802   | 21,373.589          | 6.70%                                    |
| PRUCO LIFE INSURANCE COMPANY OF ARIZONA<br>213 WASHINGTON STREET- 7TH FLOOR<br>ATTN SEPARATE ACCOUNTS<br>NEWARK NJ 071022992             | 19,202.124          | 6.02%                                    |
| <b>PROFUND VP LARGE CAP VALUE</b><br>AMERICAN SKANDIA LIFE ASSURANCE CORP<br>213 WASHINGTON ST 7TH FL SEPARATE ACCTS<br>NEWARK NJ 07102  | 245,739.629         | 70.79%                                   |
| PRUCO LIFE INSURANCE COMPANY OF ARIZONA<br>213 WASHINGTON STREET- 7TH FLOOR<br>ATTN SEPARATE ACCOUNTS<br>NEWARK NJ 071022992             | 32,031.731          | 9.23%                                    |
| JEFFERSON NATIONAL LIFE INSURANCE CO<br>10350 ORMSBY PARK PL STE 600<br>LOUISVILLE KY 402236178  | 28,535.744          | 8.22%                                    |
| LINCOLN NATIONAL LIFE INS CO<br>1300 SOUTH CLINTON ST<br>FORT WAYNE IN 46802   | 26,296.184          | 7.58%                                    |
| <b>PROFUND VP MID-CAP</b><br>TRANSAMERICA PREMIER LIFE INSURANCE CO<br>4333 EDGEWOOD RD NE<br>CEDAR RAPIDS IA 52499                      | 655,462.987         | 72.31%                                   |
| JEFFERSON NATIONAL LIFE INSURANCE CO<br>10350 ORMSBY PARK PL STE 600<br>LOUISVILLE KY 402236178  | 230,111.575         | 25.39%                                   |
| <b>PROFUND VP MID-CAP GROWTH</b><br>AMERICAN SKANDIA LIFE ASSURANCE CORP<br>213 WASHINGTON ST 7TH FL SEPARATE ACCTS<br>NEWARK NJ 07102   | 336,126.668         | 89.11%                                   |
| PRUCO LIFE INSURANCE COMPANY OF ARIZONA<br>213 WASHINGTON STREET- 7TH FLOOR<br>ATTN SEPARATE ACCOUNTS<br>NEWARK NJ 071022992             | 19,204.147          | 5.09%                                    |

| <u>Name and Address</u>  | <u>Shares Owned</u> | <u>Percentage<br/>Shares of the Fund</u> |
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| <b>PROFUND VP MID-CAP VALUE</b>  |                     |  |
| AMERICAN SKANDIA LIFE ASSURANCE CORP<br>213 WASHINGTON ST 7TH FL SEPARATE ACCTS<br>NEWARK NJ 07102                                 | 286,602.154         | 64.89%                                   |
| JEFFERSON NATIONAL LIFE INSURANCE CO<br>10350 ORMSBY PARK PL STE 600<br>LOUISVILLE KY 402236178                                    | 130,249.986         | 29.49%                                   |
| <b>PROFUND VP NASDAQ-100</b>   |                     |  |
| TRANSAMERICA PREMIER LIFE INSURANCE CO<br>4333 EDGEWOOD RD NE<br>CEDAR RAPIDS IA 52499   | 724,664.649         | 37.69%                                   |
| JEFFERSON NATIONAL LIFE INSURANCE CO<br>10350 ORMSBY PARK PL STE 600<br>LOUISVILLE KY 402236178                                    | 565,255.188         | 29.40%                                   |
| AMERICAN SKANDIA LIFE ASSURANCE CORP<br>213 WASHINGTON ST 7TH FL SEPARATE ACCTS<br>NEWARK NJ 07102                                 | 400,107.873         | 20.81%                                   |
| NATIONWIDE INVESTMENT SERVICES CORP.<br>ONE NATIONWIDE PLAZA, 02-02-18<br>COLUMBUS OH 43215  | 190,108.153         | 9.89%                                    |
| <b>PROFUND VP OIL &amp; GAS</b>  |                     |  |
| AMERICAN SKANDIA LIFE ASSURANCE CORP<br>213 WASHINGTON ST 7TH FL SEPARATE ACCTS<br>NEWARK NJ 07102                                 | 358,627.078         | 31.56%                                   |
| TRANSAMERICA PREMIER LIFE INSURANCE CO<br>4333 EDGEWOOD RD NE<br>CEDAR RAPIDS IA 52499   | 345,969.520         | 30.45%                                   |
| NATIONWIDE INVESTMENT SERVICES CORP.<br>ONE NATIONWIDE PLAZA, 02-02-18<br>COLUMBUS OH 43215  | 180,369.887         | 15.87%                                   |
| JEFFERSON NATIONAL LIFE INSURANCE CO<br>10350 ORMSBY PARK PL STE 600<br>LOUISVILLE KY 402236178                                    | 140,525.239         | 12.37%                                   |
| MIDLAND NATIONAL LIFE INSURANCE COMPANY<br>8300 MILLS CIVIC PKWY<br>ATTN VARIABLE ANNUITY DIVISION<br>WEST DES MOINES IA 502663833 | 72,065.144          | 6.34%                                    |
| <b>PROFUND VP PHARMACEUTICALS</b>  |                     |  |
| TRANSAMERICA PREMIER LIFE INSURANCE CO<br>4333 EDGEWOOD RD NE<br>CEDAR RAPIDS IA 52499   | 249,674.617         | 64.58%                                   |

| <u>Name and Address</u>  | <u>Shares Owned</u> | <u>Percentage<br/>Shares of the Fund</u> |
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| AMERICAN SKANDIA LIFE ASSURANCE CORP<br>213 WASHINGTON ST 7TH FL SEPARATE ACCTS<br>NEWARK NJ 07102 | 66,030.725          | 17.08%                                   |
| NATIONWIDE INVESTMENT SERVICES CORP.<br>ONE NATIONWIDE PLAZA, 02-02-18<br>COLUMBUS OH 43215        | 37,842.687          | 9.79%                                    |
| JEFFERSON NATIONAL LIFE INSURANCE CO<br>10350 ORMSBY PARK PL STE 600<br>LOUISVILLE KY 402236178    | 24,991.421          | 6.46%                                    |
| <b>PROFUND VP PRECIOUS METALS</b>  |                     |  |
| AMERICAN SKANDIA LIFE ASSURANCE CORP<br>213 WASHINGTON ST 7TH FL SEPARATE ACCTS<br>NEWARK NJ 07102 | 427,590.280         | 39.19%                                   |
| TRANSAMERICA PREMIER LIFE INSURANCE CO<br>4333 EDGEWOOD RD NE<br>CEDAR RAPIDS IA 52499             | 412,648.619         | 37.82%                                   |
| NATIONWIDE INVESTMENT SERVICES CORP.<br>ONE NATIONWIDE PLAZA, 02-02-18<br>COLUMBUS OH 43215        | 111,926.118         | 10.26%                                   |
| JEFFERSON NATIONAL LIFE INSURANCE CO<br>10350 ORMSBY PARK PL STE 600<br>LOUISVILLE KY 402236178    | 109,076.652         | 10.00%                                   |
| <b>PROFUND VP REAL ESTATE</b>  |                     |  |
| AMERICAN SKANDIA LIFE ASSURANCE CORP<br>213 WASHINGTON ST 7TH FL SEPARATE ACCTS<br>NEWARK NJ 07102 | 107,140.506         | 57.95%                                   |
| JEFFERSON NATIONAL LIFE INSURANCE CO<br>10350 ORMSBY PARK PL STE 600<br>LOUISVILLE KY 402236178    | 35,367.010          | 19.13%                                   |
| NATIONWIDE INVESTMENT SERVICES CORP.<br>ONE NATIONWIDE PLAZA, 02-02-18<br>COLUMBUS OH 43215        | 30,636.762          | 16.57%                                   |
| <b>PROFUND VP RISING RATES OPPORTUNITY</b>   |                     |  |
| JEFFERSON NATIONAL LIFE INSURANCE CO<br>10350 ORMSBY PARK PL STE 600<br>LOUISVILLE KY 402236178    | 61,981.685          | 29.58%                                   |
| AMERICAN SKANDIA LIFE ASSURANCE CORP<br>213 WASHINGTON ST 7TH FL SEPARATE ACCTS<br>NEWARK NJ 07102 | 49,466.115          | 23.60%                                   |
| LINCOLN NATIONAL LIFE INS CO<br>1300 SOUTH CLINTON ST<br>FORT WAYNE IN 46802                       | 42,176.692          | 20.13%                                   |

| <u>Name and Address</u>   | <u>Shares Owned</u> | <u>Percentage<br/>Shares of the Fund</u> |
|---|---------------------|--|
| VENERABLE INSURANCE AND ANNUITY<br>1475 DUNWOODY DR<br>WEST CHESTER PA 19380  | 40,629.428          | 19.39%                                   |
| NATIONWIDE INVESTMENT SERVICES CORP.<br>ONE NATIONWIDE PLAZA, 02-02-18<br>COLUMBUS OH 43215   | 10,898.847          | 5.20%                                    |
| <b>PROFUND VP SEMICONDUCTOR</b><br>AMERICAN SKANDIA LIFE ASSURANCE CORP<br>213 WASHINGTON ST 7TH FL SEPARATE ACCTS<br>NEWARK NJ 07102 | 57,695.312          | 35.44%                                   |
| NATIONWIDE INVESTMENT SERVICES CORP.<br>ONE NATIONWIDE PLAZA, 02-02-18<br>COLUMBUS OH 43215   | 52,986.394          | 32.55%                                   |
| JEFFERSON NATIONAL LIFE INSURANCE CO<br>10350 ORMSBY PARK PL STE 600<br>LOUISVILLE KY 402236178                                       | 48,738.664          | 29.94%                                   |
| <b>PROFUND VP SHORT DOW 30</b><br>PROFUND ADVISORS LLC<br>7501 WISCONSIN AVE SUITE 1000<br>BETHESDA MD 20814                          | 194.043             | 63.86%                                   |
| MIDLAND NATIONAL LIFE INSURANCE COMPANY<br>8300 MILLS CIVIC PKWY<br>ATTN VARIABLE ANNUITY DIVISION<br>WEST DES MOINES IA 502663833    | 72.755              | 23.94%                                   |
| AMERITAS LIFE INSURANCE COMPANY<br>5900 'O' STREET<br>LINCOLN NE 68510  | 37.049              | 12.19%                                   |
| <b>PROFUND VP SHORT EMERGING MARKETS</b><br>TRANSAMERICA PREMIER LIFE INSURANCE CO<br>4333 EDGEWOOD RD NE<br>CEDAR RAPIDS IA 52499    | 12,233.173          | 54.72%                                   |
| JEFFERSON NATIONAL LIFE INSURANCE CO<br>10350 ORMSBY PARK PL STE 600<br>LOUISVILLE KY 402236178                                       | 9,385.128           | 41.98%                                   |
| <b>PROFUND VP SHORT INTERNATIONAL</b><br>TRANSAMERICA PREMIER LIFE INSURANCE CO<br>4333 EDGEWOOD RD NE<br>CEDAR RAPIDS IA 52499       | 12,419.191          | 70.10%                                   |
| JEFFERSON NATIONAL LIFE INSURANCE CO<br>10350 ORMSBY PARK PL STE 600<br>LOUISVILLE KY 402236178                                       | 2,577.155           | 14.55%                                   |

| <u>Name and Address</u>  | <u>Shares Owned</u> | <u>Percentage<br/>Shares of the Fund</u> |
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| NATIONWIDE INVESTMENT SERVICES CORP.<br>ONE NATIONWIDE PLAZA, 02-02-18<br>COLUMBUS OH 43215        | 2,215.355           | 12.50%                                   |
| <b>PROFUND VP SHORT MID-CAP</b>  |                     |  |
| AMERICAN SKANDIA LIFE ASSURANCE CORP<br>213 WASHINGTON ST 7TH FL SEPARATE ACCTS<br>NEWARK NJ 07102 | 4,014.670           | 81.60%                                   |
| JEFFERSON NATIONAL LIFE INSURANCE CO<br>10350 ORMSBY PARK PL STE 600<br>LOUISVILLE KY 402236178    | 812.570             | 16.52%                                   |
| <b>PROFUND VP SHORT NASDAQ-100</b>   |                     |  |
| TRANSAMERICA PREMIER LIFE INSURANCE CO<br>4333 EDGEWOOD RD NE<br>CEDAR RAPIDS IA 52499             | 51,660.722          | 49.67%                                   |
| AMERICAN SKANDIA LIFE ASSURANCE CORP<br>213 WASHINGTON ST 7TH FL SEPARATE ACCTS<br>NEWARK NJ 07102 | 32,057.726          | 30.82%                                   |
| JEFFERSON NATIONAL LIFE INSURANCE CO<br>10350 ORMSBY PARK PL STE 600<br>LOUISVILLE KY 402236178    | 19,119.602          | 18.38%                                   |
| <b>PROFUND VP SHORT SMALL-CAP</b>  |                     |  |
| JEFFERSON NATIONAL LIFE INSURANCE CO<br>10350 ORMSBY PARK PL STE 600<br>LOUISVILLE KY 402236178    | 33,058.111          | 50.72%                                   |
| TRANSAMERICA PREMIER LIFE INSURANCE CO<br>4333 EDGEWOOD RD NE<br>CEDAR RAPIDS IA 52499             | 25,215.379          | 38.69%                                   |
| AMERICAN SKANDIA LIFE ASSURANCE CORP<br>213 WASHINGTON ST 7TH FL SEPARATE ACCTS<br>NEWARK NJ 07102 | 4,875.161           | 7.48%                                    |
| <b>PROFUND VP SMALL-CAP</b>  |                     |  |
| JEFFERSON NATIONAL LIFE INSURANCE CO<br>10350 ORMSBY PARK PL STE 600<br>LOUISVILLE KY 402236178    | 265,442.422         | 52.96%                                   |
| TRANSAMERICA PREMIER LIFE INSURANCE CO<br>4333 EDGEWOOD RD NE<br>CEDAR RAPIDS IA 52499             | 221,108.354         | 44.11%                                   |
| <b>PROFUND VP SMALL-CAP GROWTH</b>   |                     |  |
| AMERICAN SKANDIA LIFE ASSURANCE CORP<br>213 WASHINGTON ST 7TH FL SEPARATE ACCTS<br>NEWARK NJ 07102 | 385,090.503         | 60.83%                                   |



| <u>Name and Address</u>  | <u>Shares Owned</u> | <u>Percentage<br/>Shares of the Fund</u> |
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| JEFFERSON NATIONAL LIFE INSURANCE CO<br>10350 ORMSBY PARK PL STE 600<br>LOUISVILLE KY 402236178                                    | 131,916.387         | 20.84%                                   |
| LINCOLN NATIONAL LIFE INS CO<br>1300 SOUTH CLINTON ST<br>FORT WAYNE IN 46802   | 86,674.108          | 13.69%                                   |
| <b>PROFUND VP SMALL-CAP VALUE</b>  |                     |  |
| AMERICAN SKANDIA LIFE ASSURANCE CORP<br>213 WASHINGTON ST 7TH FL SEPARATE ACCTS<br>NEWARK NJ 07102                                 | 250,477.251         | 37.04%                                   |
| TRANSAMERICA PREMIER LIFE INSURANCE CO<br>4333 EDGEWOOD RD NE<br>CEDAR RAPIDS IA 52499   | 167,384.274         | 24.75%                                   |
| JEFFERSON NATIONAL LIFE INSURANCE CO<br>10350 ORMSBY PARK PL STE 600<br>LOUISVILLE KY 402236178                                    | 166,765.367         | 24.66%                                   |
| MIDLAND NATIONAL LIFE INSURANCE COMPANY<br>8300 MILLS CIVIC PKWY<br>ATTN VARIABLE ANNUITY DIVISION<br>WEST DES MOINES IA 502663833 | 39,894.033          | 5.90%                                    |
| LINCOLN NATIONAL LIFE INS CO<br>1300 SOUTH CLINTON ST<br>FORT WAYNE IN 46802   | 37,058.605          | 5.48%                                    |
| <b>PROFUND VP TECHNOLOGY</b>   |                     |  |
| AMERICAN SKANDIA LIFE ASSURANCE CORP<br>213 WASHINGTON ST 7TH FL SEPARATE ACCTS<br>NEWARK NJ 07102                                 | 239,798.672         | 36.35%                                   |
| LINCOLN NATIONAL LIFE INS CO<br>1300 SOUTH CLINTON ST<br>FORT WAYNE IN 46802   | 183,162.415         | 27.76%                                   |
| NATIONWIDE INVESTMENT SERVICES CORP.<br>ONE NATIONWIDE PLAZA, 02-02-18<br>COLUMBUS OH 43215  | 157,156.479         | 23.82%                                   |
| JEFFERSON NATIONAL LIFE INSURANCE CO<br>10350 ORMSBY PARK PL STE 600<br>LOUISVILLE KY 402236178                                    | 71,947.342          | 10.91%                                   |
| <b>PROFUND VP TELECOMMUNICATIONS</b>   |                     |  |
| AMERICAN SKANDIA LIFE ASSURANCE CORP<br>213 WASHINGTON ST 7TH FL SEPARATE ACCTS<br>NEWARK NJ 07102                                 | 106,656.214         | 49.66%                                   |
| TRANSAMERICA PREMIER LIFE INSURANCE CO<br>4333 EDGEWOOD RD NE<br>CEDAR RAPIDS IA 52499   | 49,811.184          | 23.19%                                   |

| <u>Name and Address</u>   | <u>Shares Owned</u> | <u>Percentage<br/>Shares of the Fund</u> |
|---|---------------------|--|
| JEFFERSON NATIONAL LIFE INSURANCE CO<br>10350 ORMSBY PARK PL STE 600<br>LOUISVILLE KY 402236178   | 36,240.002          | 16.87%                                   |
| NATIONWIDE INVESTMENT SERVICES CORP.<br>ONE NATIONWIDE PLAZA, 02-02-18<br>COLUMBUS OH 43215   | 17,090.344          | 7.96%                                    |
| <b>PROFUND VP U.S. GOVERNMENT PLUS</b>  |                     |  |
| TRANSAMERICA PREMIER LIFE INSURANCE CO<br>4333 EDGEWOOD RD NE<br>CEDAR RAPIDS IA 52499  | 268,851.438         | 42.49%                                   |
| AMERICAN SKANDIA LIFE ASSURANCE CORP<br>213 WASHINGTON ST 7TH FL SEPARATE ACCTS<br>NEWARK NJ 07102  | 207,955.085         | 32.86%                                   |
| LINCOLN NATIONAL LIFE INS CO<br>1300 SOUTH CLINTON ST<br>FORT WAYNE IN 46802  | 94,731.034          | 14.97%                                   |
| <b>PROFUND VP ULTRABULL</b>   |                     |  |
| AMERICAN SKANDIA LIFE ASSURANCE CORP<br>213 WASHINGTON ST 7TH FL SEPARATE ACCTS<br>NEWARK NJ 07102  | 275,315.405         | 54.26%                                   |
| JEFFERSON NATIONAL LIFE INSURANCE CO<br>10350 ORMSBY PARK PL STE 600<br>LOUISVILLE KY 402236178   | 89,904.300          | 17.72%                                   |
| MONY LIFE INSURANCE CO OF AMERICA<br>C/O PROTECTIVE LIFE INSURANCE CO<br>2801 HIGHWAY 280 S<br>ATTN ANNUITY ACCTG FL 2-2<br>BIRMINGHAM AL 352232479 | 89,260.741          | 17.59%                                   |
| MIDLAND NATIONAL LIFE INSURANCE COMPANY<br>8300 MILLS CIVIC PKWY<br>ATTN VARIABLE ANNUITY DIVISION<br>WEST DES MOINES IA 502663833                  | 29,312.649          | 5.78%                                    |
| <b>PROFUND VP ULTRA MID-CAP</b>   |                     |  |
| AMERICAN SKANDIA LIFE ASSURANCE CORP<br>213 WASHINGTON ST 7TH FL SEPARATE ACCTS<br>NEWARK NJ 07102  | 164,428.745         | 55.14%                                   |
| JEFFERSON NATIONAL LIFE INSURANCE CO<br>10350 ORMSBY PARK PL STE 600<br>LOUISVILLE KY 402236178   | 70,446.967          | 23.62%                                   |
| MIDLAND NATIONAL LIFE INSURANCE COMPANY<br>8300 MILLS CIVIC PKWY<br>ATTN VARIABLE ANNUITY DIVISION<br>WEST DES MOINES IA 502663833                  | 62,366.377          | 20.91%                                   |

| <u>Name and Address</u>  | <u>Shares Owned</u> | <u>Percentage<br/>Shares of the Fund</u> |
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| <b>PROFUND VP ULTRANASDAQ-100</b>  |                     |  |
| AMERICAN SKANDIA LIFE ASSURANCE CORP<br>213 WASHINGTON ST 7TH FL SEPARATE ACCTS<br>NEWARK NJ 07102                                 | 763,912.297         | 35.81%                                   |
| TRANSAMERICA PREMIER LIFE INSURANCE CO<br>4333 EDGEWOOD RD NE<br>CEDAR RAPIDS IA 52499   | 751,614.864         | 35.23%                                   |
| NATIONWIDE INVESTMENT SERVICES CORP.<br>ONE NATIONWIDE PLAZA, 02-02-18<br>COLUMBUS OH 43215  | 402,337.421         | 18.86%                                   |
| JEFFERSON NATIONAL LIFE INSURANCE CO<br>10350 ORMSBY PARK PL STE 600<br>LOUISVILLE KY 402236178                                    | 176,564.714         | 8.28%                                    |
| <b>PROFUND VP ULTRASHORT DOW 30</b>  |                     |  |
| PROFUND ADVISORS LLC<br>7501 WISCONSIN AVE SUITE 1000<br>BETHESDA MD 20814   | 75.415              | 85.96%                                   |
| MIDLAND NATIONAL LIFE INSURANCE COMPANY<br>8300 MILLS CIVIC PKWY<br>ATTN VARIABLE ANNUITY DIVISION<br>WEST DES MOINES IA 502663833 | 12.316              | 14.04%                                   |
| <b>PROFUND VP ULTRASHORT NASDAQ-100</b>  |                     |  |
| JEFFERSON NATIONAL LIFE INSURANCE CO<br>10350 ORMSBY PARK PL STE 600<br>LOUISVILLE KY 402236178                                    | 9,115.335           | 75.55%                                   |
| NATIONWIDE INVESTMENT SERVICES CORP.<br>ONE NATIONWIDE PLAZA, 02-02-18<br>COLUMBUS OH 43215  | 2,919.374           | 24.20%                                   |
| <b>PROFUND VP ULTRASMALL-CAP</b>   |                     |  |
| TRANSAMERICA PREMIER LIFE INSURANCE CO<br>4333 EDGEWOOD RD NE<br>CEDAR RAPIDS IA 52499   | 527,796.361         | 52.50%                                   |
| AMERICAN SKANDIA LIFE ASSURANCE CORP<br>213 WASHINGTON ST 7TH FL SEPARATE ACCTS<br>NEWARK NJ 07102                                 | 289,340.491         | 28.78%                                   |
| JEFFERSON NATIONAL LIFE INSURANCE CO<br>10350 ORMSBY PARK PL STE 600<br>LOUISVILLE KY 402236178                                    | 159,811.518         | 15.90%                                   |
| <b>PROFUND VP UTILITIES</b>  |                     |  |
| AMERICAN SKANDIA LIFE ASSURANCE CORP<br>213 WASHINGTON ST 7TH FL SEPARATE ACCTS<br>NEWARK NJ 07102                                 | 421,173.969         | 47.53%                                   |

| <u>Name and Address</u>  | <u>Shares Owned</u> | <u>Percentage<br/>Shares of the Fund</u> |
|--|---------------------|--|
| TRANSAMERICA PREMIER LIFE INSURANCE CO<br>4333 EDGEWOOD RD NE<br>CEDAR RAPIDS IA 52499   | 204,540.669         | 23.08%                                   |
| JEFFERSON NATIONAL LIFE INSURANCE CO<br>10350 ORMSBY PARK PL STE 600<br>LOUISVILLE KY 402236178                                    | 134,445.897         | 15.17%                                   |
| NATIONWIDE INVESTMENT SERVICES CORP.<br>ONE NATIONWIDE PLAZA, 02-02-18<br>COLUMBUS OH 43215  | 98,412.669          | 11.10%                                   |
| <b>PROFUND VP GOVERNMENT MONEY MARKET</b>  |                     |  |
| TRANSAMERICA PREMIER LIFE INSURANCE CO<br>4333 EDGEWOOD RD NE<br>CEDAR RAPIDS IA 52499   | 26,785,936.840      | 61.00%                                   |
| LOMBARD INTERNATIONAL LIFE ASSURANCE CO<br>ONE LIBERTY PLACE<br>1650 MARKET ST 54TH FLOOR<br>PHILADELPHIA PA 19103                 | 5,123,045.193       | 11.67%                                   |
| JEFFERSON NATIONAL LIFE INSURANCE CO<br>10350 ORMSBY PARK PL STE 600<br>LOUISVILLE KY 402236178                                    | 5,041,934.960       | 11.48%                                   |
| MIDLAND NATIONAL LIFE INSURANCE COMPANY<br>8300 MILLS CIVIC PKWY<br>ATTN VARIABLE ANNUITY DIVISION<br>WEST DES MOINES IA 502663833 | 3,275,159.210       | 7.46%                                    |

\* A person who beneficially owns, directly or indirectly, 25% or more of the voting securities of a Fund may be deemed to “control” (as defined in the 1940 Act) that Fund, and may be able to exercise a controlling influence over any matter submitted to shareholders of that Fund.

**APPENDIX C**

**DOCUMENT**

**TITLE:** Proxy Voting Policies and Procedures  
**FOR:** ProShare Advisors LLC ProFund Advisors LLC  
**DATED:** March 1, 2008  
**AS REVISED:** May 1, 2015

## **Proxy Voting Policies and Procedures to Maximize Shareholder Value and Protect Shareowner Interests**

It is the policy of ProFund Advisors LLC and ProShare Advisors LLC (collectively, the “Advisor”) to seek to maximize shareholder value and protect shareholder interests when voting proxies on behalf of clients. The Advisor seeks to achieve this goal by utilizing a set of proxy voting guidelines (the “Guidelines”) maintained and implemented by an independent service provider, Institutional Shareholder Services (“ISS”). The Advisor believes that these Policies and Procedures, including the Guidelines, are reasonably designed to ensure that proxy matters are conducted in the best interests of clients and in accordance with the Advisor’s fiduciary duties, applicable rules under the Investment Advisers Act of 1940, and, in the case of its registered fund clients, applicable rules under the Investment Company Act of 1940.

### **Proxy Voting Guidelines**

Proxies generally will be voted in accordance with the ISS Guidelines, an extensive list of common proxy voting issues and recommended voting actions for such issues based on the overall goal of achieving maximum shareholder value and protection of shareholder interests. Common issues in the Guidelines, and factors taken into consideration in voting proxies with respect to these issues, include, but are not limited to:

- Election of Directors—considering factors such as director qualifications, term of office, age limits.
- Proxy Contests—considering factors such as voting for nominees in contested elections and reimbursement of expenses.
- Election of Auditors—considering factors such as independence and reputation of the auditing firm.
- Proxy Contest Defenses—considering factors such as board structure and cumulative voting.
- Tender Offer Defenses—considering factors such as poison pills (stock purchase rights plans) and fair price provisions.
- Miscellaneous Governance Issues—considering factors such as confidential voting and equal access.
- Capital Structure—considering factors such as common stock authorization and stock distributions.
- Executive and Director Compensation—considering factors such as performance goals and employee stock purchase plans.
- State of Incorporation—considering factors such as state takeover statutes and voting on reincorporation proposals.
- Mergers and Corporate Restructuring—considering factors such as spinoffs and asset sales.
- Mutual Fund Proxy Voting—considering factors such as election of directors and proxy contests.
- Consumer and Public Safety Issues—considering factors such as social and environmental issues as well as labor issues.

A full description of the Guidelines is maintained by the Advisor and the Advisor has established a committee that monitors the effectiveness of the Guidelines (the “Brokerage Allocation and Proxy Voting Committee” or the “Committee”).

The Advisor reserves the right to modify any of the recommendations set forth in the Guidelines with respect to any particular issue in the future, in accordance with the Advisor intent to vote proxies for clients in a manner that the Advisor determines is in the best interests of clients and which seeks to maximize the value of the client’s investments. The Advisor is not required to vote every proxy in fulfilling its proxy voting obligations. In some cases, the Advisor may determine that it is in the best interests of a client to refrain from exercising proxy voting rights. For example, the Advisor may determine that the cost of voting certain proxies exceeds the expected benefit to the client (such as where casting a vote on a foreign security would require hiring a translator), and may abstain from voting in such cases.

In cases where the Advisor does not receive a solicitation or enough information with respect to a proxy vote within a sufficient time (as reasonably determined by the Advisor) prior to the proxy-voting deadline, the Advisor may be unable to vote. With respect to non- U.S. companies, it is typically difficult and costly to vote proxies due to local regulations, customs or other requirements or restrictions, and such circumstances may outweigh any anticipated economic benefit of voting. The major difficulties and costs may include: (i) appointing a proxy; (ii) obtaining reliable information about the time and location of a meeting; (iii) obtaining relevant information about voting procedures for foreign shareholders; (iv) restrictions on trading securities that are subject to proxy votes (share-blocking periods); (v) arranging for a proxy to vote locally in person; (vi) fees charged by custody banks for providing certain services with regard to voting proxies; and (vii) foregone income from securities lending programs. The Advisor does not vote proxies of non-U.S. companies if it determines that the expected costs of voting outweigh any anticipated economic benefit to the client of voting.

#### Overview of the Proxy Voting Process

In relying on ISS to vote client proxies, the Advisor will take reasonable steps and obtain adequate information to verify that ISS has the capacity to provide adequate proxy advice, is independent of the Advisor, has an adequate conflict of interest policy, and does not have the incentive to vote proxies in anyone's interest other than that of the Advisor's client. In addition, the Committee will monitor for conflicts concerning ISS.

As proxy agent, ISS devotes research for proxies based on the level of complexity of the proxy materials to be voted. ISS assigns complex issues such as mergers or restructuring to senior analysts. Recurring issues for which case-by-case analysis is unnecessary are handled by more junior analysts. In every case, an analyst reviews publicly available information such as SEC filings and recent news reports and, if necessary, may contact issuers directly. Such discussions with issuers may be handled by telephone or in a face-to-face meeting. Analysts will seek to speak directly with management when a question is not answered by publicly available information and such information is needed for an informed recommendation.

As part of ISS's quality assurance process, every analysis is reviewed by a director of research or a chief policy advisor. Complex issues such as mergers are assigned to senior staff members. Contested issues are reviewed by research directors. While a senior analyst takes the lead on every proxy contest, a member of management will frequently conduct additional review by participating in calls with principals directly involved with the proxy issue.

Generally, proxies are voted in accordance with the voting recommendations as stated in the Guidelines. ISS will consult the Advisor on non-routine issues. Information about the Guidelines is available on the ISS web site at: <http://www.issgovernance.com/file/policy/2015-us-summary-voting-guidelines-updated.pdf>.

#### **Oversight of the Proxy Voting Process**

The Advisor has established the Brokerage Allocation and Proxy Voting Committee, in part, to oversee the proxy voting process. ISS provides the Advisor quarterly reports, which the Advisor reviews to ensure that client proxies are being voted properly. The Advisor and ISS also perform spot checks on an intra-quarterly basis. ISS's management meets on a regular basis to discuss its approach to new developments and amendments to existing policies. Information on such developments or amendments, in turn, is provided to the Committee.

#### **Conflicts of Interest**

From time to time, proxy issues may pose a material conflict of interest between the Advisor and its clients. It shall be the duty of the Committee to monitor for and to identify potential conflicts of interest. The Committee will also determine which conflicts are material (if any). To ensure that proxy voting decisions are based on the best interests of the client in the event a conflict of interest arises, the Advisor will direct ISS to use its independent judgment to vote affected proxies in accordance with the Guidelines. If a registered investment company managed by the Advisor owns shares of another investment company managed by the



Advisor, “echo voting” is employed to avoid certain potential conflicts of interest. Echo voting means that the Advisor votes the shares of each such underlying investment company in the same proportion as the vote of all of the other holders of the underlying investment company’s shares.

The Committee will disclose to clients any voting issues that created a conflict of interest and the manner in which ISS, on behalf of the Advisor, voted such proxies.

### **Securities Lending Program**

The Advisor acknowledges that, when a registered fund client (a “Fund”) lends its portfolio securities, the Fund’s Trustees (who generally have delegated proxy voting responsibility to the Advisor) retain a fiduciary obligation to vote proxies relating to such securities and to recall the securities in the event of a shareholder vote on a material event affecting the security on the loan. Under each Fund’s securities lending agreements, a Fund generally retains the right to recall a loaned security and to exercise the security’s voting rights. In order to vote the proxies of securities out on loan, the Advisor must recall the securities prior to the established record date. It is the Advisor’s general policy to use its best efforts to recall securities on loan and to vote proxies relating to such securities if the Advisor determines that such proxies involve a material event affecting the loaned securities. The Advisor may utilize third party service providers to assist it in identifying and evaluating whether an event is material.

As noted, in certain cases, the Advisor may determine that voting proxies is not in the best interest of a client and may refrain from voting if the costs, including the opportunity costs, of voting would, in the view of the Advisor, exceed the expected benefits of voting to the client. For securities on loan, the Advisor will balance the revenue-producing value of loans against the difficult-to-assess value of casting votes. If the Advisor determines that the expected value of casting a vote will be less than the securities lending income, either because the votes would not have significant economic consequences or because the outcome of the vote would not be affected by the Advisor’s recalling the loaned securities in order to ensure they are voted (*e.g.*, for an annual shareholder meeting at which purely routine votes are at issue, or if the relevant Fund owns a de minimus percentage of the outstanding shares at issue). The Advisor intends to recall securities on loan if it determines that voting the securities is likely to affect materially the value of a Fund’s investment and that it is in the Fund’s best interests to do so.

### **Availability of Information; Record of Proxy Voting**

The Advisor, with the assistance of ISS, shall maintain for a period of at least five years the following records relating to proxy voting on behalf of clients:

- (1) proxy voting policies and procedures;
- (2) proxy statements received for clients (unless such statements are available on the SEC’s Electronic Data Gathering, Analysis, and Retrieval (EDGAR) system);
- (3) any documents prepared by the Advisor that were material to making a proxy voting decision or that memorialized the basis for the decision;
- (4) records of votes cast on behalf of clients (which may be maintained by a third party service provider if the service provider undertakes to provide copies of those records promptly upon request); and
- (5) records of written requests for proxy voting information and written responses from the Advisor to either a written or oral request.

For the first two years, the Advisor will store such records at its principal office. Voting records will also be maintained and will be available free of charge by calling the Advisor at 888-776-1972. The voting record is available on the website of the Securities and Exchange Commission at [www.sec.gov](http://www.sec.gov).

**Disclosure**

The Advisor will inform its clients as to how to obtain information regarding the Advisor's voting of the clients' securities. The Advisor will provide its clients with a summary of its proxy voting guidelines, process and policies and will inform its clients as to how they can obtain a copy of the complete Guidelines upon request. The Advisor will include such information described in the preceding two sentences in its Form ADV and will provide its existing clients with the above information. The Advisor shall disclose in the statements of additional information of registered fund clients a summary of procedures which the Advisor uses to determine how to vote proxies relating to portfolio securities of such clients. The disclosure will include a description of the procedures used when a vote presents a conflict of interest between shareholders and the Advisor or an affiliate of the Advisor.

The semi-annual reports of Fund clients shall indicate that a Fund's proxy voting records are available: (i) by calling a toll-free number; or (ii) on the SEC's website. If a request for the records is received, the requested description must be sent within three business days by a prompt method of delivery.

The Advisor, on behalf of each Fund it advises, shall file its proxy voting record with the SEC on Form N-PX no later than August 31 of each year, for the twelve-month period ending June 30 of the current year. Such filings shall contain all information required to be disclosed on Form N-PX.

## APPENDIX D

### PROFUNDS EUROPE 30 INDEX

As of December 31, 2020

| <u>Ticker</u> | <u>Company</u>                     | <u>Percentage</u> | <u>Country</u> |
|---------------|------------------------------------|-------------------|----------------|
| ARGX          | ARGENX SE -<br>ADR                 | 1.46%             | NETHERLANDS    |
| ASML          | ASML HOLDING<br>NV-NY REG SHS      | 6.65%             | NETHERLANDS    |
| AZN           | ASTRAZENECA<br>PLC-SPONS ADR       | 3.72%             | BRITAIN        |
| BCS           | BARCLAYS<br>PLC-SPONS ADR          | 2.67%             | BRITAIN        |
| BNTX          | BIONTECH<br>SE-ADR                 | 1.31%             | GERMANY        |
| BP            | BP PLC-SPONS<br>ADR                | 3.41%             | BRITAIN        |
| BTI           | BRITISH<br>AMERICAN<br>TOB-SP ADR  | 3.81%             | BRITAIN        |
| BUD           | ANHEUSER-BUSCH<br>INBEV-SPN ADR    | 5.03%             | BELGIUM        |
| DEO           | DIAGEO<br>PLC-SPONSORED<br>ADR     | 3.94%             | BRITAIN        |
| EQNR          | EQUINOR<br>ASA-SPON ADR            | 3.07%             | NORWAY         |
| ERIC          | ERICSSON (LM)<br>TEL-SP ADR        | 2.80%             | SWEDEN         |
| GSK           | GLAXOSMITHKLINE<br>PLC-SPON ADR    | 5.06%             | BRITAIN        |
| GWPH          | GW PHARMA-<br>CEUTICALS -ADR       | 1.14%             | BRITAIN        |
| HSBC          | HSBC HOLDINGS<br>PLC-SPONS ADR     | 4.27%             | BRITAIN        |
| ING           | ING GROEP<br>N.V.-SPONSORED<br>ADR | 2.73%             | NETHERLANDS    |
| JMIA          | JUMIA<br>TECHNOLOGIES<br>AG-ADR    | 2.00%             | GERMANY        |
| MT            | ARCELORMITTAL-<br>REGISTERED       | 2.47%             | LUXEMBOURG     |
| NGG           | NATIONAL GRID<br>PLC-SP ADR        | 2.85%             | BRITAIN        |
| NOK           | NOKIA<br>CORP-SPON ADR             | 2.38%             | FINLAND        |

| <u>Ticker</u> | <u>Company</u>                     | <u>Percentage</u> | <u>Country</u> |
|---------------|------------------------------------|-------------------|----------------|
| NVO           | NOVO-NORDISK<br>A/S-SPONS ADR      | 4.59%             | DENMARK        |
| RDS/A         | ROYAL DUTCH<br>SHELL-SPON<br>ADR-A | 4.88%             | NETHERLANDS    |
| RELX          | RELX PLC - SPON<br>ADR             | 2.97%             | BRITAIN        |
| RIO           | RIO TINTO<br>PLC-SPON ADR          | 4.76%             | BRITAIN        |
| RYAAY         | RYANAIR<br>HOLDINGS<br>PLC-SP ADR  | 2.45%             | IRELAND        |
| SAN           | BANCO<br>SANTANDER<br>SA-SPON ADR  | 3.05%             | SPAIN          |
| SAP           | SAP<br>SE-SPONSORED<br>ADR         | 5.50%             | GERMANY        |
| SNY           | SANOFI-ADR                         | 3.67%             | FRANCE         |
| TOT           | TOTAL SE-SPON<br>ADR               | 4.36%             | FRANCE         |
| TS            | TENARIS SA-ADR                     | 2.12%             | LUXEMBOURG     |
| VOD           | VODAFONE<br>GROUP PLC-SP<br>ADR    | 2.88%             | BRITAIN        |

Eligible countries include Belgium, Denmark, Finland, France, Germany, Ireland, Luxembourg, Netherlands, Norway, Spain, Sweden, and the United Kingdom.

## APPENDIX E

### PROFUNDS ASIA 30 INDEX

As of December 31, 2020

| <u>Ticker</u> | <u>Company</u>                     | <u>Percentage</u> | <u>Country</u> |
|---------------|------------------------------------|-------------------|----------------|
| BABA          | ALIBABA GROUP<br>HOLDING-SP ADR    | 5.94%             | CHINA          |
| BBL           | BHP GROUP<br>PLC-ADR               | 5.55%             | AUSTRALIA      |
| BGNE          | BEIGENE<br>LTD-ADR                 | 5.22%             | CHINA          |
| BHP           | BHP GROUP<br>LTD-SPON ADR          | 5.55%             | AUSTRALIA      |
| BIDU          | BAIDU INC -<br>SPON ADR            | 4.48%             | CHINA          |
| BILI          | BILIBILI<br>INC-SPONSORED<br>ADR   | 2.25%             | CHINA          |
| DQ            | DAQO NEW<br>ENERGY<br>CORP-ADR     | 2.95%             | CHINA          |
| EDU           | NEW ORIENTAL<br>EDUCATIO-SP<br>ADR | 1.83%             | CHINA          |
| FUTU          | FUTU HOLDINGS<br>LTD-ADR           | 3.34%             | CHINA          |
| GDS           | GDS HOLDINGS<br>LTD - ADR          | 3.18%             | CHINA          |
| GSX           | GSX TECHEDU<br>INC- ADR            | 1.71%             | CHINA          |
| HDB           | HDFC BANK<br>LTD-ADR               | 5.27%             | INDIA          |
| HTHT          | HUAZHU GROUP<br>LTD-ADR            | 1.72%             | CHINA          |
| HUYA          | HUYA INC-ADR                       | 2.25%             | CHINA          |
| IBN           | ICICI BANK<br>LTD-SPON ADR         | 3.77%             | INDIA          |
| INFY          | INFOSYS LTD-SP<br>ADR              | 4.14%             | INDIA          |
| JD            | JD.COM INC-ADR                     | 2.24%             | CHINA          |
| JKS           | JINKOSOLAR<br>HOLDING<br>CO-ADR    | 2.70%             | CHINA          |
| KC            | KINGSOFT<br>CLOUD<br>HOLDINGS-ADR  | 2.99%             | CHINA          |
| MOMO          | MOMO INC-SPON<br>ADR               | 2.23%             | CHINA          |

| <u>Ticker</u> | <u>Company</u>                    | <u>Percentage</u> | <u>Country</u> |
|---------------|-----------------------------------|-------------------|----------------|
| NIO           | NIO INC - ADR                     | 2.35%             | CHINA          |
| NTES          | NETEASE<br>INC-ADR                | 2.21%             | CHINA          |
| PDD           | PINDUODUO<br>INC-ADR              | 2.35%             | CHINA          |
| SE            | SEA LTD-ADR                       | 4.89%             | SINGAPORE      |
| TAL           | TAL EDUCATION<br>GROUP- ADR       | 1.74%             | CHINA          |
| TCOM          | TRIP.COM GROUP<br>LTD-ADR         | 1.75%             | CHINA          |
| TME           | TENCENT MUSIC<br>ENTERTAINM-ADR   | 2.21%             | CHINA          |
| TSM           | TAIWAN<br>SEMICONDUCTOR-SP<br>ADR | 5.70%             | TAIWAN         |
| YY            | JOYY INC                          | 2.23%             | CHINA          |
| ZTO           | ZTO EXPRESS<br>CAYMAN<br>INC-ADR  | 5.26%             | CHINA          |

Eligible countries include Australia, Hong Kong, Singapore, South Korea, Taiwan, India, and China.