

Inverse ProFunds

Stay Cool

When the Market Dives



PROFUNDS®

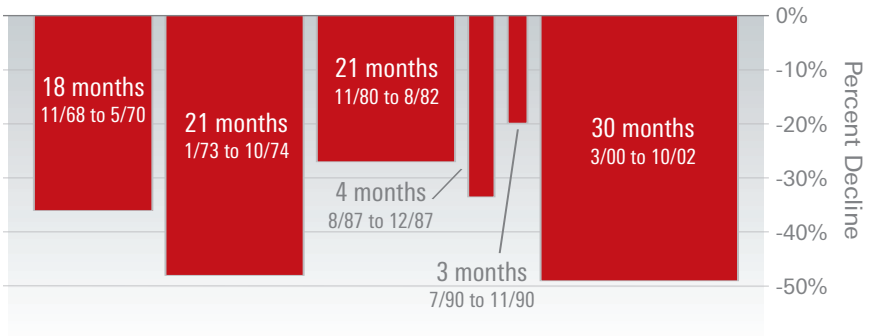
Not just funds, ProFundsSM

Market Declines: A Fact of Life

History suggests that over the long term, equity markets tend to increase in value. But declines do occur, and whether they last weeks, months, or years, periodic downturns can take a toll on your portfolio.

If you invest to take advantage of rising markets only, and sit out the declines, you may be bypassing opportunities that could help boost your overall returns.

Major Market Downturns



The chart above shows major downturns in the stock market, as defined by periods during which the S&P 500® Index declined in value by at least 15%. The width of each bar represents the relative duration of the downturn from its beginning to the point of maximum decline. The depth of each bar shows the maximum decline. Data source: Bloomberg. Data from 1968 through 2003.

Inverse ProFunds

Inverse ProFunds are specifically designed to take advantage of declining markets. The funds seek to do well when the broad market, or a specific market segment, declines—results that are the opposite of traditional mutual funds.

The Nation's Largest Lineup of Inverse Mutual Funds¹

ProFund Name	Index	Daily multiple of the Index ²	Investor Class Ticker	Service Class Ticker
Bear	S&P 500® Index	-1x	BRPIX	BPRSX
Short Small-Cap	Russell 2000® Index	-1x	SHPIX	SHPSX
Short OTC	NASDAQ-100 Index®	-1x	SOPIX	SOPSX
UltraBear	S&P 500 Index	-2x	URPIX	URPSX
UltraShort Mid-Cap	S&P MidCap 400 Index	-2x	UIPIX	UIPSX
UltraShort Small-Cap	Russell 2000 Index	-2x	UCPIX	UCPSX
UltraShort Dow 30	Dow Jones Industrial Average™	-2x	UWPIX	UWPSX
UltraShort OTC	NASDAQ-100 Index	-2x	USPIX	USPSX
UltraShort International	MSCI® EAFE®	-2x	UXPIX	UXPSX
UltraShort Emerging Markets	The Bank of New York Emerging Markets 50 ADR Index	-2x	UVPIX	UVPSX
UltraShort Japan	Nikkei 225 Stock Average	-2x	UKPIX	UKPSX
Short Oil & Gas	Dow Jones U.S. Oil & Gas Index	-1x	SNPIX	SNPSX
Short Precious Metals	Dow Jones Precious Metals Index	-1x	SPPIX	SPPSX
Short Real Estate	Dow Jones U.S. Real Estate Index	-1x	SRPIX	SRPSX

About ProFund Advisors LLC

ProFund Advisors LLC is investment adviser to more than 100 mutual funds designed to help investors implement a variety of strategies in today's dynamic market environment.

ProFund Advisors manages the ProFunds, the nation's largest lineup of index funds³, and the Access Funds, and sub-advises Canada's Horizons BetaPro alternative strategy mutual fund family.

The ProFunds formula, sophisticated funds combined with flexible exchange policies, empowers investors to adapt to changing markets.

¹ Source: Lipper, January 2006.

² Each fund strives to seek its daily multiple of the index, before fees and expenses.

³ Source: Lipper, October 12, 2005. Lipper defines "indexed fund" as an open-end mutual fund (not an Exchange Traded Fund, or ETF) that falls into one of the following subcategories: pure index, enhanced index or index-based. The majority of ProFunds are categorized by Lipper as enhanced index funds.

A Range of Inverse Opportunities

Broad Markets. The eight Inverse ProFunds benchmarked to broad market indexes seek to increase when their corresponding market index falls and decrease when the index rises. Some Inverse ProFunds seek a daily return that is 100% of the inverse (opposite) of their benchmark index, less fees and expenses. Others seek daily returns equal to 200% of the index, less fees and expenses.

For example, on a day when an index declines by 1%, an Inverse ProFund should increase by 1%, before fees and expenses. And on a day when the index rises by 1%, the corresponding ProFund should decrease by 1%.

Foreign Equity Markets. If you expect a downturn in overseas stock markets, consider three ProFunds that offer inverse (opposite) exposure to major foreign stock market indexes: UltraShort International ProFund, UltraShort Emerging Markets ProFund, and UltraShort Japan ProFund. These funds seek daily investment results, before fees and expenses, that correspond to twice (200%) the inverse (opposite) of their benchmark indexes.

Also keep in mind the Inverse ProFunds seek to double (200%) the inverse returns of their daily benchmarks by using leveraged investment techniques that magnify gains, losses and volatility. An investment in foreign equity markets entails the special risks of international investing, including currency exchange fluctuation, government regulations, and the potential for political and economic instability. The Fund's share price is expected to be more volatile than that of a U.S.-only fund.

U.S. Market Sectors and Industries. If you believe a specific sector or industry is poised for a downturn, consider Inverse Sector ProFunds. These funds seek daily investment results, before fees and expenses, that correspond to the inverse (opposite) of their daily benchmark indexes.

Investing in these ProFunds involves certain risks, including in all or some cases, leverage, liquidity, short sale, small-cap company and repurchase agreement risks. These risks can increase volatility and decrease performance. In addition, because sector funds are concentrated in a single area of the market, they can be more volatile and riskier than more diversified mutual funds, and therefore in themselves, don't constitute a complete investment program. Please see the prospectus for a more complete description of these risks. All ProFunds permit active investment strategies that can decrease performance and increase expenses.

Two Strategies for Declining Markets

Seek profit. The market is declining, and you don't want to simply wait out the downturn. With Inverse ProFunds, you can seek to profit when an index falls (but you will experience a loss when an index rises).

If, for example, you think the tech-heavy NASDAQ-100 Index is likely to fall, you could buy shares of Short OTC ProFund or UltraShort OTC ProFund.

Hedge an investment. You are concerned about the near-term direction of the market, but you believe in the long-term prospects of your stocks or equity mutual funds. Moreover, if you sell your holdings, you may incur transaction costs and trigger tax consequences.⁴

With Inverse ProFunds, you can seek to hedge a portion of your investment. A hedge is an investment that should perform the opposite of an investment you want to shield and may help lessen the impact of a market decline on the value of the original investment. However, a hedge will result in a loss should the original investment increase in value, and will incur fees, expenses and tax consequences of its own.

To hedge a large-cap investment you could, for example, buy shares of the Bear ProFund or UltraBear ProFund.

Inverse ProFunds vs. Selling Short

Buying an Inverse ProFund provides more flexibility to selling a stock short:

Can you...	Inverse ProFunds	Shorting Stocks
Use without a margin account?	Yes	No
Use in a retirement account (IRA)?	Yes	No
Limit losses to amount invested?	Yes	No

Remember that investments in Inverse ProFunds, just as short sales in a margin account, entail significant risk and are not appropriate for all investors. They involve additional transaction costs and other expenses and will lose value if their benchmark indexes rise.

⁴ Consult your tax adviser.



ProFunds Distributors, Inc.

7501 Wisconsin Avenue
Suite 1000
Bethesda, MD 20814-6527

PROFUNDS®

888-PRO-5717

(Financial Professionals)

888-PRO-FNDS

(Individual Investors)

or visit us at www.profunds.com

An investor should consider the investment objectives, risks, and charges and expenses of ProFunds carefully before investing or sending money. The prospectus contains this and other information about ProFunds. To obtain a prospectus, please call 888-PRO-FNDS or visit www.profunds.com. Financial Professionals should call 888-PRO-5717. The prospectus should be read carefully before investing. ProFunds Distributors, Inc., distributor.

"S&P 500" Index and S&P MidCap 400 Index are trademarks of The McGraw-Hill Companies, Inc. and have been licensed for use by ProFunds. "Dow Jones," "Dow Jones Industrial Average" and "Dow 30" are trademarks or service marks of Dow Jones & Company, Inc. and have been licensed for certain uses by ProFunds. The NASDAQ-100 Index and the Russell 2000 Index are trademarks or service marks of, respectively, the NASDAQ Stock Market (NSM) and Frank Russell Company. ProFunds are not sponsored, endorsed, sold or promoted by these organizations and the organizations make no representation regarding the advisability of investing in ProFunds. You cannot invest directly in an index.