Form **8937**
(December 2011)
Department of the Treasury
Internal Revenue Service

# Report of Organizational Actions Affecting Basis of Securities

▶ See separate instructions.

OMB No. 1545-2224

## Part I Reporting Issuer

| | | |
|---|---|---|
| 1 Issuer's name<br>ProFund VP Short Mid-Cap | | 2 Issuer's employer identification number (EIN)<br>20-1528735 |
| 3 Name of contact for additional information<br>Christopher E. Sabato | 4 Telephone No. of contact<br>(614) 470-8418 | 5 Email address of contact<br>christopher.sabato@citi.com |
| 6 Number and street (or P.O. box if mail is not delivered to street address) of contact<br>3435 Stelzer Road | | 7 City, town, or post office, state, and Zip code of contact<br>Columbus, OH 43219 |
| 8 Date of action<br>12/02/2016 | 9 Classification and description<br>Reverse 1:8 stock split of Common Stock | |

| 10 CUSIP number | 11 Serial number(s) | 12 Ticker symbol | 13 Account number(s) |
|---|---|---|---|
| 74318A232 | | | |

## Part II Organizational Action Attach additional statements if needed. See back of form for additional questions.

**14** Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action ▶ Effective as of the close of business on December 02, 2016, the issuer completed a one to eight (1:8) reverse split of its common stock. The reverse split was affected by a distribution of 1 share for each 8 shares of stock outstanding.

**15** Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis ▶ The distribution of shares is non-taxable to shareholders. Basis and holding period of old shares is carried over to the new shares. Aggregate basis of each shareholder is unchanged. Basis in each new share = 800% of the basis in each old share with respect to which the old shares were distributed.

**16** Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates ▶ Shareholders received 1 new shares for each 8 old shares. Aggregate basis of new shares = aggregate basis of old shares. Basis in each new share = 800% of the basis in each old share with respect to which the old shares were distributed.

**Part II** **Organizational Action** (continued)

**17** List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶

**A distribution of stock made by a corporation to its shareholders with respect to its stock, including a stock split transaction, is not taxable to the shareholder. IRC § 305(a)(1).**
**Basis of the old stock is carried over and allocated among the shares of new stock received. IRC §307(a).**
**The holding period of the new stock includes the holding period of the old stock. IRC §1223(4).**

**Alternatively, the transaction may be considered to be a recapitalization transaction. IRC §368(a)(1)(E). In such instance, the consequences to a shareholder are the same:**
**The distribution of the new stock is not taxable income to the shareholder. IRC §354(a)(1).**
**Basis of the old stock is carried over and allocated among the shares of new stock received. IRC §358 (a)(1); (b)(1).**
**The holding period of the new stock includes the holding period of the old stock. IRC §1223(1).**

**18** Can any resulting loss be recognized? ▶ **N/A**

**19** Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ **N/A**

**Sign Here**

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Signature ▶ Signature on file Date ▶ 1/18/17

Print your name ▶ **Christopher E. Sabato** Title ▶ **Treasurer**

**Paid Preparer Use Only**

| Print/Type preparer's name | Preparer's signature | Date | Check ☐ if self-employed | PTIN |
|---|---|---|---|---|
| Firm's name ▶ | | | Firm's EIN ▶ | |
| Firm's address ▶ | | | Phone no. | |

Send Form 8937 (including accompanying statements) to: Department of the Treasury, Internal Revenue Service, Ogden, UT 84201-0054