RISK DISCLOSURE REGARDING LEVERAGED AND INVERSE FUNDS

Interactive Brokers ("IB") is furnishing this disclosure to customers in order to provide additional information regarding the characteristics and risks associated with leveraged and inverse mutual funds and exchange traded funds ("ETFs"). In addition to providing this disclosure, IB strongly encourages customers to carefully review the fund's prospectus before investing in a specific fund.

LEVERAGED FUNDS

As the name implies, leveraged mutual funds and ETFs seek to provide leveraged returns at multiples of the underlying benchmark or index they track. Leveraged funds generally seek to provide a multiple (i.e., 200%, 300%) of the daily return of an index or other benchmark for a *single day* excluding fees and other expenses. In addition to using leverage, these funds often use derivative products such as swaps, options, and futures contracts to accomplish their objectives. The use of leverage as well as derivative instruments can cause leveraged funds to be more volatile and subject to extreme price movements.

INVERSE FUNDS

Inverse mutual funds and ETFs, which are sometimes referred to as "short" funds, seek to provide the opposite of the performance of the index or benchmark they track. Inverse funds are often marketed as a way to profit from, or hedge exposure to, downward moving markets. Some inverse funds also use leverage, such that they seek to achieve a return that is a multiple of the opposite performance of the underlying index or benchmark (i.e., -200%, -300%). In addition to leverage, these funds may also use derivative instruments to accomplish their objectives. As such, inverse funds are volatile and provide the potential for significant losses.

RISKS ASSOCIATED WITH LEVERAGED AND INVERSE FUNDS

Leveraged and inverse funds are complicated instruments that should only be used by sophisticated investors who fully understand the terms, investment strategy and risks associated with the funds. In particular, customers should be aware of certain specific risks involved in trading in leveraged and inverse funds. These risks include, but are not limited to:

Use of Leverage and Derivative Instruments: Many leveraged and inverse funds use leverage and derivative instruments to achieve their stated investment objectives. As such, these funds can be extremely volatile and carry a high risk of substantial losses. Such funds are considered speculative investments and should only be used by investors who fully understand the risks and are willing and able to absorb potentially significant losses.

Most Leveraged and Inverse Funds Seek Daily Target Returns: Most leveraged and inverse funds "reset" daily, meaning that they are designed to achieve their stated objectives on a daily basis. Due to the effect of compounding, the return for investors who invest for a period different than one trading day may vary significantly from the fund's stated goal as well as the target benchmark's performance. This is especially true in very volatile markets or if a leveraged fund is tracking a very volatile underlying index. Investments in leveraged and inverse funds must be actively monitored on a daily basis and are typically not appropriate for a buy-and-hold strategy.

Higher Operating Expenses and Fees: Investors should be aware that leveraged funds typically rebalance their portfolios on a daily basis in order to compensate for anticipated changes in overall market conditions. This rebalancing can result in frequent trading and increased portfolio turnover. Leveraged and inverse funds will therefore generally have higher operating expenses and investment management fees than other funds.

Tax Treatment of Leveraged and Inverse Funds May Vary: In some cases, leveraged and inverse funds may generate their returns through the use of derivative instruments. Because derivatives are taxed differently from equity or fixed-income securities, investors should be aware that these funds may not have the same tax efficiencies as other funds.