

# Infectious Disease ETF

# NYSE:HHG

HealthShares™ Infectious Disease ETF (HHG) is one in a series of HealthShares™ ETFs that are organized Vertically by therapeutic categories in pharmaceuticals, healthcare services, life sciences and biotechnology. HHG seeks investment results that correspond to the performance, before the Fund's fees and expenses, of HealthShares™ Infectious Disease Index, an equity index of publicly traded common stocks and ADRs. The Infectious Disease Index invests in healthcare, life sciences and/or biotechnology companies that have been identified as infectious disease companies. Companies included in the Infectious Disease Index are engaged in the research, clinical development and/or commercialization of therapeutic agents for the treatment of a wide variety of infectious diseases related to antibacterial, antifungal and antiviral indications, by means of small molecules, protein therapy and vaccines.

The companies in this universe are selected using a proprietary methodology developed by XShares Group LLC designed to identify companies in a specific healthcare vertical or sub-sector.

HHG employs a low-cost passive management investment approach designed to track the performance of the HealthShares™ Infectious Disease Index. Normal brokerage fees apply. HHG will generally invest at least 90% of its assets in common stocks of companies in the underlying Index.

HHG intends to pay out any dividends from its net investment income annually, and plans to distribute any net capital gains annually.

XShares Advisors LLC is the investment advisor for HHG. Bank of New York acts as custodian and administrator.

## ETF Performance & Index History (%) (Through March 31, 2007)

		YTD	1 Year	3 Year	5 Year	Inception
Index	Index	-0.51%	-0.49%	12.07%	10.33%	2.22%
	S&P 500 Healthcare Sector	0.42%	5.59%	3.83%	0.36%	-1.23%
ETF	NAV					
	After Tax Held					
	After Tax Sold					
	Share Price Return					

*Index performance does not represent fund performance. Indexes are unmanaged. You cannot invest in an index. A fund may perform significantly differently. Performance assumes dividend reinvestment; however these figures do not include management fees, transaction costs, taxes or other charges that would be incurred by a Fund or brokerage commissions in Fund shares, including transaction costs that a fund would incur. Such expenses and charges would reduce returns. Index returns are for illustrative purposes only and do not represent actual performance of HealthShares™ ETFs.*

- The Inception date for the Indexes is September 22, 2006. The time period selected for the back tested data was for the 5 year period prior to the date that each Index was published. This 5 year time period was selected based upon general knowledge of the intense capital markets and merger activity within the healthcare and biotechnology industries. Pursuing a further back test would be less meaningful as many of the current constituents did not exist and many that may have qualified are no longer independent or currently traded. The Index Methodology used in the creation of the indexes can be found at [www.healthsharesinc.com](http://www.healthsharesinc.com).
- The performance figures presented include "back tested data" (i.e. calculations of how an index might have been performed in the past if it had existed). Performance information prior to September 22, 2006 presented herein for the HealthShares™ Indexes is based on hypothetical back tested data for the specific time periods shown and was not calculated in real time by an independent calculation agent. Hypothetical back tested performance has inherent limitations. No representation is being made that any investment performance will achieve performance similar to those shown. All information is being provided strictly for educational and illustrative purposes only. The information provided is not intended for trading purposes, and should not be considered investment advice.

**An Investor should consider the fund's investment objective, risks, charges and expenses carefully before investing. For this and more complete information about the fund call 800.925.2870 or visit the website [www.healthsharesinc.com](http://www.healthsharesinc.com) for a prospectus. Please read the prospectus carefully before investing.**

There are risks involved with investing in ETFs including possible loss of money. HealthShares™ are not actively managed and are subject to risks similar to stocks, including those related to short selling and margin maintenance. HealthShares™ ETFs are subject to increased risks associated with investing in a specific sector compared to a more diversified investment, as well as unique risks associated with the healthcare and biotechnology sector (i.e., government regulation, patent regulation, etc.). The prospectus is not an offer to buy or sell the portfolio shares, nor is the fund soliciting an offer to buy its shares in any jurisdiction where the offer or sale is not permitted.

## ETF Information

Initial Share Price	\$25.00
IOPV* Ticker Symbol	HHG.IV
CUSIP	42226E703
NAV 4/3/07	NA
Gross Expense Ratio	1.09%
Net Expense Ratio	0.75%
Inception Date	4/3/07

\*Indicative Optimized Portfolio Value.

The advisor has agreed to cap its fees to 0.75% through 9/30/2007.

## Index Information

Index Creator	XShares Group LLC
Inception Date	9/22/06
Investment Objective	Capital Appreciation
Reuters Index Symbol	.HSINFID

## Capitalization Weightings as of 3/26/07

Large-Cap	4.55%
Mid-Cap	68.18%
Small-Cap	27.27%
Average Market Cap (Mil. \$)	\$2,534

## Technical Data

Shares Outstanding	100,200
Market Capitalization	NA
Beta	1.14
Treynor Ratio	0.02
Sharpe Ratio	0.06

1. All calculations assume a Risk Free Rate of 4.5%
2. Beta is measured against the S&P 500.
3. All risk calculations are derived from the arithmetic mean of daily returns and assume 250 trading days per year.
4. All risk calculations have been computed since 12/15/2000, the date the index was first calculated.
5. Beta is a measure of relative risk and is the slope of regression. Sharpe is the risk adjusted return and is the return less the risk free rate divided by the standard deviation. Treynor is the risk adjusted return and is the return less the risk free rate divided by Beta.

## Holdings\* as of 3/26/07



Weighting (%)	Name	Ticker	Exchange	Closing Price \$	Market Capitalization (Mil. \$)
4.5455	ABRAXIS BIOSCIENCE INC	ABBI	NASDAQ	25.64	\$4,238
2.7721	BARR PHARMACEUTICALS, INC.	BRL	NYSE	48.77	\$5,140
5.8553	BASILEA PHARMACEUTICA	BSLN SW	SWX	209.84	\$1,903
4.2978	BAVARIAN NORDIC A/S	BAVA DC	COPENHAGEN	91.63	\$690
7.5214	CRUCELL NV	CRXL	NASDAQ	26.06	\$1,634
3.5274	CUBIST PHARMACEUTICALS INC	CBST	NASDAQ	21.50	\$1,156
6.5362	ENZO BIOCHEM	ENZ	NYSE	15.31	\$552
7.2506	FLAMEL TECHNOLOGIES - SP ADR	FLML	NASDAQ	27.70	\$621
7.4346	HOSPIRA INC.	HSP	NYSE	39.61	\$6,148
3.0935	HUMAN GENOME SCIENCES	HGSI	NASDAQ	10.61	\$1,432
4.1615	IDENIX PHARMACEUTICALS INC	IDIX	NASDAQ	7.45	\$412
2.8509	INNOGENETICS NV	INNX BB	BRUSSELS	10.72	\$329
5.1186	KING PHARMACEUTICALS	KG	NYSE	19.67	\$4,767
2.7405	MEDAREX INC	MEDX	NASDAQ	11.77	\$1,439
3.4154	MEDIMMUNE INC.	MEDI	NASDAQ	34.61	\$8,414
4.4813	MYLAN LABORATORIES	MYL	NYSE	20.22	\$5,123
3.2519	NEKTAR THERAPEUTICS	NKTR	NASDAQ	12.31	\$1,153
4.3110	THERAVANCE INC	THRX	NASDAQ	29.48	\$1,764
2.7864	VALEANT PHARMACEUTICALS INT'L	VRX	NYSE	17.40	\$1,630
5.0057	VERTEX PHARMACEUTICALS	VRTX	NASDAQ	27.91	\$3,499
6.2931	VIROPHARMA INC	VPHM	NASDAQ	14.06	\$997
2.7494	WATSON PHARMACEUTICALS	WPI	NYSE	26.47	\$2,705

\*Holdings are subject to change without notice. Maximum weighting for any security in an Underlying Index is typically 15%. When a company's weighting exceeds 15% of the overall Index portfolio, the Index Administrator will reduce such company's weighting to 10%, with the 5% "excess" applied equally to all remaining component securities in the Underlying Index. Minimum weighting for a security in an Underlying Index is 2.5%, if a security's weighting falls below 2.5%, the Index Administrator will increase the security's weighting to its initial weighting or 5%, whichever is less, with the required increment taken equally from all the remaining component securities.

## EXCHANGE TRADED FUND INFORMATION



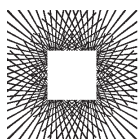
### WHAT ARE EXCHANGE TRADED FUNDS ?

An exchange traded fund (ETF) is an investment vehicle which offers shares that are listed on a national securities exchange. Shares of ETFs can be traded throughout the day on that stock exchange at market-determined prices. ETFs typically invest predominantly in the securities of companies comprising an underlying index. As such, the ETF itself is an index fund.

Because ETFs are priced and traded throughout the day like a stock, investors can buy or sell shares at any time during market trading hours of the exchange on which they trade. Just as with any common stock, investors can write stop losses and market orders. Brokerage commissions may apply. In general, ETFs feature low expense ratios and are tax efficient. ETFs can also be constructed to allow for options trading. ETFs are subject to risks similar to those of stocks including those regarding short-selling and margin account maintenance.

### HOW CAN INVESTORS PURCHASE HEALTHSHARES™ ETFs ?

Any investor can purchase or sell ETFs on the secondary market through a broker. When you buy or sell ETFs on the secondary market, your broker can charge a commission. In addition, because secondary-market transactions occur at market prices, you may pay more than Net Asset Value (NAV) when you buy ETFs, and receive less than NAV when you sell those ETFs.



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