



FocusShares Trust ("Trust") includes separate investment portfolios called "Funds." Certain of the Funds will track the indices identified in the Portfolio Holdings Information section of this Prospectus ("Initial Funds"). The Trust intends to offer additional equity Funds not yet described or identified by name or Index ("Future Funds"). The Trust currently has four investment portfolios. Each Fund seeks investment results that closely correspond to the price and yield performance, before fees and expenses, of a particular index (each an "Underlying Index" and collectively, the "Underlying Indexes") that tracks U.S. traded equity stocks. This Prospectus relates to the following Funds:

**FocusShares ISE Homebuilders Index Fund**

**FocusShares ISE SInDex Fund**

**FocusShares ISE-CCM Homeland Security Index Fund**

**FocusShares ISE-Revere Wal-Mart Supplier Index Fund**

FocusShares, LLC ("Advisor") is the investment adviser to each Fund. Northern Trust Investments, N.A. ("NTI") is the sub-advisor ("Sub-Advisor"). The International Securities Exchange, Inc. ("ISE"), as the "Index Provider," has developed the indexes ("Index") underlying the Funds, each of which tracks a different group of domestic companies. The Index Provider does not sponsor, endorse or promote the Funds and bears no liability with respect to any such Funds or their securities. For more detailed information about the Funds, see the Statement of Additional Information for the Funds ("SAI"), which is incorporated by reference into this Prospectus. Additional information about each Fund's investments will be available in each Fund's annual and semi-annual reports to shareholders.

The Trust is a registered open-end management investment company. Each Fund is an "exchange traded fund" ("ETF"). This means that shares of the Funds will be listed on NYSE Arca, Inc. ("NYSE Arca") and trade at market prices. Market prices for a Fund's shares may be different from its net asset value per share ("NAV"). Each Fund will have its own CUSIP number and exchange trading symbol.

Each Fund issues and redeems its shares at NAV only in blocks of 50,000 shares, or whole multiples thereof ("Creation Units"). These transactions are usually in exchange for a basket of securities and an amount of cash. Generally, only institutions or large investors purchase or redeem Creation Units. Shares of each Fund are not redeemable securities, unless aggregated in Creation Units.

The Securities and Exchange Commission ("SEC") has not approved or disapproved these securities or passed upon the accuracy or adequacy of this Prospectus. Any representation to the contrary is a criminal offense.

No person has been authorized to give any information or to make any representations other than those contained in this Prospectus in connection with the offer of a Fund's shares, and, if given or made, the information or representations must not be relied upon as having been authorized by the Funds. Neither the delivery of this Prospectus nor any sale of shares shall under any circumstance imply that the information contained herein is correct as of any date after the date of this Prospectus. Disclosures in this Prospectus will be updated, from time to time, to reflect material changes.

Dealers effecting transactions in a Fund's shares, whether or not participating in this distribution, may be generally required to deliver a Prospectus. This is in addition to any obligation of dealers to deliver the Prospectus when acting as underwriters.

*Shares of the Funds:* Are Not FDIC Insured, May Lose Value And Are Not Bank Guaranteed.

This Prospectus is dated November 28, 2007 and explains concisely the information you ought to know before investing in a Fund. We suggest that you keep it for future reference.



## A Note to Retail Investors

Shares of beneficial interest issued by a Fund (“Shares”) can be purchased directly from the issuing Fund only in exchange for a basket of securities that is expected to be worth not less than \$2,250,000. Therefore, most individual investors will not be able to purchase shares directly from a Fund. Instead, these investors will need to purchase shares in the secondary market through a brokerage account or with the assistance of a broker. Thus, some of the information contained in this Prospectus—such as information about purchasing and redeeming shares from a Fund and references to Transaction Fees imposed on purchases and redemptions—is not relevant to many individual investors. Shares purchased or sold through a brokerage account or with the assistance of a broker may be subject to brokerage commissions and charges.

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# FocusShares ISE Homebuilders Index Fund (Ticker Symbol: SAW)

## Principal Investment Objective and Strategies

**Investment Objective.** The Fund's investment objective is to provide investment results that correspond, before fees and expenses, generally to the price and yield performance of the ISE Homebuilders Index, which is briefly described below.

**Principal Investment Policy.** The Fund will normally invest at least 90% of its total assets in stocks of companies primarily engaged in the business of residential construction and prefabricated house manufacturing. This 90% investment policy is non-fundamental and requires 60 days' prior written notice to shareholders before it can be changed. The Fund is non-diversified and may invest in small- and mid-capitalization companies.

**Indexing Investment Approach.** The Fund is not managed according to traditional methods of "active" investment management, which involve the buying and selling of securities based upon economic, financial and market analysis and investment judgment. Instead, the Fund, utilizing a "passive" or indexing investment approach, attempts to approximate the investment performance of the ISE Homebuilders Index by investing in a portfolio of securities that generally replicates the ISE Homebuilders Index, which was created by the ISE on December 31, 2000.

The Advisor anticipates that, generally, the Fund will hold all of the securities which comprise the ISE Homebuilders Index in proportion to their weightings in the ISE Homebuilders Index. However, under various circumstances, it may not be possible or practicable to purchase all of those securities in these weightings. In these circumstances, the Fund may purchase a sample of securities in the ISE Homebuilders Index. There also may be instances in which the Advisor or Sub-Advisor may choose to overweight another security in the ISE Homebuilders Index, purchase securities not in the ISE Homebuilders Index that the Advisor or Sub-Advisor believes are appropriate to substitute for certain securities in the ISE Homebuilders Index, or utilize various combinations of other available investment techniques in seeking to replicate as closely as possible, before fees and expenses, the price and yield performance of the ISE Homebuilders Index. The Fund may sell securities that are represented in the ISE Homebuilders Index in anticipation of their removal from the ISE Homebuilders Index or purchase securities not represented in the ISE Homebuilders Index in anticipation of their addition to the ISE Homebuilders Index. The Advisor expects that, over time, the correlation between the Fund's performance and that of the ISE Homebuilders Index, before fees and expenses, will be 95% or better. A figure of 100% would indicate perfect correlation.

The Fund will normally invest at least 90% of its total assets in securities that comprise the ISE Homebuilders Index. A lesser percentage may be so invested to the extent that the Advisor needs additional flexibility to comply with the

requirements of the Internal Revenue Code of 1986, as amended (the “Code”), and other regulatory requirements.

Because of the passive investment management approach of the Fund, the portfolio turnover rate is expected to be under 30%, generally a lower turnover rate than for many other investment companies. Sales as a result of ISE Homebuilders Index changes could result in the realization of short- or long-term capital gains in the Fund, resulting in tax liability for shareholders subject to U.S. federal income tax. See “Federal Income Taxes.”

The Advisor or the Sub-Advisor may sell a security held by the Fund in the event the Underlying Index rebalances or the Fund needs cash, which may be caused by a need to increase cash reserves, make income distributions or pay third-party fees and expenses. The Underlying Index is rebalanced by ISE typically on a semi-annual basis, and the Fund will rebalance when the Underlying Index does. Fund shareholders can find a list of companies comprising the Fund’s Underlying Index on the Trust’s website at <http://www.focusshares.com> or on the ISE’s website <http://www.ise.com> under the heading “Options Exchange—Products Traded—Index Options—Components.”

**The ISE Homebuilders Index.** The ISE Homebuilders Index is a “float-adjusted” capitalization index which includes stocks of residential construction companies and prefabricated house manufacturers that meet specific criteria developed by ISE. As of August 14, 2007, the ISE Homebuilders Index was comprised of 23 component securities with market capitalizations greater than \$25 million that have a daily average traded volume of at least \$355,000 over the past three months. The total market capitalization of the ISE Homebuilders Index as of August 14, 2007 was in excess of \$36.8 billion. The ISE Homebuilders Index may contain a smaller or greater number of component securities from time to time. The criteria for inclusion in the ISE Homebuilders Index are discussed in the Funds’ Statement of Additional Information (“SAI”).

**Fundamental and Non-Fundamental Policies.** The Fund’s investment objective and each of the other investment policies are non-fundamental policies that may be changed by the Board of Trustees without shareholder approval, except as noted in the Funds’ SAI under the heading “Fund Investment Policies.” However, shareholders would be notified prior to any material change in these policies.

## Principal Risks of Investing in the Fund

The Fund, together with the other Funds of the Trust, is subject to the following risks that are described in more detail under the heading “Principal Risk Factors Common to All Funds”:

Investment Style Risk	Investment Approach Risk
Issuer-Specific Risk	Interest Rate Risk
Stock Market Risk	Lack of Governmental Insurance or Guarantee
Shares of the Fund May Trade at Prices Other Than NAV	

In addition, the following principal risks are associated with the Fund in particular:

### Risks of Investing in the Stocks comprising the ISE Homebuilders Index.

Residential construction companies and prefabricated house manufacturers whose stocks are held by the FocusShares ISE Homebuilders Index Fund are subject to a variety of risks, and may be significantly affected by the national, regional and local real estate markets. The building industry is also sensitive to interest rate fluctuations which can cause changes in the availability of mortgage capital and directly affect the purchasing power of potential homebuyers. This industry can be significantly affected by changes in government spending, consumer confidence, demographic patterns and the level of new and existing home sales.

**Market Risk.** The prices of the securities in the Fund are subject to the risk associated with investing in the stock market, including sudden and unpredictable drops in value. An investment in the Fund may lose money.

**Index Tracking or Non-Correlation Risk.** The Fund’s return may not match the return of the ISE Homebuilders Index for a number of reasons. For example, the Fund incurs a number of operating expenses not applicable to the ISE Homebuilders Index and incurs costs in buying and selling securities, especially when rebalancing the Fund’s securities holdings to reflect changes in the composition of the ISE Homebuilders Index. The Fund may not be fully invested at times either as a result of cash flows into the Fund or reserves of cash held by the Fund to meet redemptions and pay expenses. Cash reserves may be held in a number of financial instruments, such as funds that invest exclusively in money market instruments (“Acquired Funds”), as described below under the heading “Additional Investment Strategies”. The need to comply with the diversification and other requirements of the Code may also impact the Fund’s ability to replicate the performance of the ISE Homebuilders Index.

**Replication Management Risk.** Unlike many investment companies, the Fund is not actively “managed.” Therefore, unless a specific security is removed from the ISE Homebuilders Index, the Fund generally would not sell a security because the security’s issuer was in financial trouble. An investment in the Fund involves risks similar to those of investing in any fund of equity securities traded on exchanges,

such as market fluctuations caused by such factors as economic and political developments, changes in interest rates and perceived trends in stock prices. You should anticipate that the value of the Shares will decline, more or less, in correspondence with any decline in value of the ISE Homebuilders Index.

**Non-Diversified.** The Fund is a separate investment portfolio of the Trust, which is an open-end investment company registered under the Investment Company Act of 1940 (the "1940 Act"). The Fund is classified as a "non-diversified" investment company under the 1940 Act. As a result, the Fund is subject to the risk that it will be more volatile than a diversified fund because the Fund may invest its assets in a smaller number of issuers or may invest larger proportions of the assets of the Fund in a single company within the industry that comprises the ISE Homebuilders Index. As of August 14, 2007, the ISE Homebuilders Index included 23 component securities. As a result, the gains and losses on a single security may have a greater impact on the Fund's NAV and may make the Fund more volatile than diversified funds.

**Concentration Risk.** To the extent that the ISE Homebuilders Index concentrates in the securities of the home building industry and related groups of industries, including stocks issued by residential construction companies and prefabricated house manufacturers, the Fund may concentrate its investments to approximately the same extent as the ISE Homebuilders Index. Since the Fund concentrates or otherwise invests a large portion of its assets in a single industry, it may be more susceptible to any single economic, market, political or regulatory occurrence affecting the home building industry or related groups of industries. In such case, the Fund may be more volatile than funds based on broader or less volatile market segments.

**Investing in Small- or Mid-Cap Companies.** The Fund may invest in small- or mid-cap companies. If it does so, it may be subject to certain risks associated with small- or mid-cap companies. These companies are often subject to less analyst coverage and may be in early and less predictable periods of their corporate existences. In addition, these companies often have greater price volatility, lower trading volume and less liquidity than larger, more established companies. These companies tend to have smaller revenues, narrower product lines, less management depth and experience, smaller shares of their product or service markets, fewer financial resources and less competitive strength than larger companies.

**Absence of Prior Active Market.** The Fund is a newly organized series of an investment company and thus has no operating history. While the Fund intends that its Shares be listed on NYSE Arca, there can be no assurance that active trading markets for the Shares will develop or be maintained. Foreside Fund Services, LLC, the distributor of the Shares ("Distributor"), does not maintain a secondary market in the Shares.

**Trading Issues.** Trading in Shares on the NYSE Arca may be halted due to market conditions or for reasons that, in the view of the NYSE Arca, make trading in Shares inadvisable. In addition, trading in Shares on the NYSE Arca is subject to trading halts caused by extraordinary market volatility pursuant to “circuit breaker” rules. There can be no assurance that the requirements of the NYSE Arca necessary to maintain the listing of the Fund will continue to be met or will remain unchanged.

## Performance

The Fund has not yet commenced operations and therefore does not have a performance history. Performance history information provides some indication of the risks of investing in the Fund by showing changes in the Fund’s performance from year to year and by showing how the Fund’s average annual returns for 1, 5 and 10-year periods compare to those of a broad measure of market performance.

## Fees and Expenses of the Fund

This table describes the fees and expenses that you may pay if you buy and hold Shares of the Fund.<sup>(a)</sup>

Shareholder Expenses (fees paid directly from your investment)	None*
Standard Creation/Redemption Transaction Fee	\$1,000
Maximum Creation/Redemption Transaction Fee <sup>(b)</sup>	\$4,000

### Annual Fund Operating Expenses (expenses that are deducted from Fund assets)

Management Fee	0.65%
Other Operating Expenses <sup>(c)</sup>	0.09%
Total Annual Fund Operating Expenses	0.74%
Less: Fee Waivers and/or Expenses Reimbursement <sup>(d)</sup>	0.39%
Net Operating Expenses <sup>(d)</sup>	0.35%

## Expense Example

This example is intended to help you compare the cost of investing in the Fund with the cost of investing in other funds. This example does not take into account brokerage commissions that you pay when purchasing or selling Shares of the Fund.

The Fund sells and redeems Shares in Creation Units generally on an in-kind basis for the component securities of the ISE Homebuilders Index. Shares in less than whole Creation Units are not redeemable. An investor purchasing a Creation Unit on an in-kind basis would pay the following expenses on a \$10,000 investment (payment with a deposit of securities included in the ISE Homebuilders Index), assuming all Shares are redeemed at the end of the periods shown, a 5% annual

return and that the Fund's operating expenses remain the same. *Investors should note that the presentation below of a \$10,000 investment is for illustration purposes only, as Shares will be issued by the Fund only in Creation Units of 50,000 Shares valued at approximately \$2,250,000 as of the first creation date. Further, the return of 5% and estimated expenses are for illustration purposes only, and should not be considered indicators of expected Fund expenses or performance, which may be greater or less than the estimates. Based on these assumptions, your costs would be:*

Year	Expenses
1	\$ 36
3	\$195

- (a) When buying or selling Shares through a broker, you will incur customary brokerage commissions and charges.
  - (b) If a Creation Unit is purchased or redeemed outside the usual process through the National Securities Clearing Corporation ("NSCC") or for cash, a variable fee of up to four times the standard creation or redemption Transaction Fee will be charged.
  - (c) Other Operating Expenses are based on estimated amounts for the current fiscal year and calculated as a percentage of Fund net assets.
  - (d) The Advisor has contractually agreed to waive fees and/or pay Fund expenses to the extent necessary to prevent the operating expenses (exclusive of brokerage costs, interest, taxes, dividends, litigation, indemnification and extraordinary expenses as determined under generally accepted accounting principles) and organizational costs of the Fund from exceeding 0.35% of average net assets per year until January 31, 2009. As a result, the Fund's "Total Annual Fund Operating Expenses" (excluding brokerage costs, interest, taxes, dividends, litigation, indemnification and extraordinary expenses) will be limited to 0.35%, as indicated in the table. The Advisor's expense limitation agreement is renewable annually, provided such renewal is approved by the Board of Trustees of the Trust.
- \* See "Shareholder Information—Creation and Redemption of Creation Units" for a discussion of Creation and Redemption Transaction Fees.

### **Creation Transaction Fees and Redemption Transaction Fees**

The Trust issues and redeems Shares at NAV only in blocks of 50,000 Shares or whole multiples thereof. As a practical matter, only certain persons or entities known as "Authorized Participants" may purchase or redeem these Creation Units. A standard creation "Transaction Fee" of \$1,000 is charged to each purchaser of Creation Units. The creation Transaction Fee is the same regardless of the number of Creation Units purchased by an Authorized Participant on the same day. The value of a Creation Unit as of the first creation was approximately \$2,250,000. An Authorized Participant who holds Creation Units and wishes to redeem at NAV would also pay a standard redemption Transaction Fee of \$1,000 on the date of such redemption(s), regardless of the number of Creation Units redeemed that day. Authorized Participants who hold Creation Units will also pay the annual Fund operating expenses described in the table on the previous page. Assuming an

investment in a Creation Unit of \$2,250,000 and a 5% return each year, and assuming that the Fund's operating expenses remain the same, the total costs would be \$10,058 if the Creation Unit is redeemed after one year and \$45,919 if the Creation Unit is redeemed after three years. *Investors should note that this presentation is for illustration purposes only and actual costs may be higher. See "Shareholder Information—Creation and Redemption of Creation Units."*

# FocusShares ISE SINdex Fund (Ticker Symbol: PUF)

## Principal Investment Objective and Strategies

**Investment Objective.** The Fund's investment objective is to provide investment results that correspond, before fees and expenses, generally to the price and yield performance of the ISE SINdex, which is briefly described below.

**Principal Investment Policy.** The Fund will normally invest at least 90% of its total assets in stocks of owners and operators of casinos and gaming facilities, producers of beer and malt liquors, distillers, vintners and producers of other alcoholic beverages and manufacturers of cigarettes and other tobacco products. This 90% investment policy is non-fundamental and requires 60 days' prior written notice to shareholders before it can be changed. The Fund is non-diversified and may invest in small- and mid-capitalization companies.

**Indexing Investment Approach.** The Fund is not managed according to traditional methods of "active" investment management, which involve the buying and selling of securities based upon economic, financial and market analysis and investment judgment. Instead, the Fund, utilizing a "passive" or indexing investment approach, attempts to approximate the investment performance of the ISE SINdex by investing in a portfolio of securities that generally replicate the ISE SINdex, which was created by the ISE on December 31, 1998.

The Advisor anticipates that, generally, the Fund will hold all of the securities which comprise the ISE SINdex in proportion to their weightings in the ISE SINdex. However, under various circumstances, it may not be possible or practicable to purchase all of those securities in these weightings. In these circumstances, the Fund may purchase a sample of securities in the ISE SINdex. There also may be instances in which the Advisor or Sub-Advisor may choose to overweight another security in the ISE SINdex, purchase securities not in the ISE SINdex that the Advisor or Sub-Advisor believes are appropriate to substitute for certain securities in the ISE SINdex, or utilize various combinations of other available investment techniques in seeking to replicate as closely as possible, before fees and expenses, the price and yield performance of the ISE SINdex. The Fund may sell securities that are represented in the ISE SINdex in anticipation of their removal from the ISE SINdex or purchase securities not represented in the ISE SINdex in anticipation of their addition to the ISE SINdex. The Advisor expects that, over time, the correlation between the Fund's performance and that of the ISE SINdex, before fees and expenses, will be 95% or better. A figure of 100% would indicate perfect correlation.

The Fund will normally invest at least 90% of its total assets in securities that comprise the ISE SINdex. A lesser percentage may be so invested to the extent that the Advisor needs additional flexibility to comply with the requirements of the Code and other regulatory requirements.

Because of the passive investment management approach of the Fund, the portfolio turnover rate is expected to be under 30%, generally a lower turnover rate than for many other investment companies. Sales as a result of ISE SINDEX changes could result in the realization of short- or long-term capital gains in the Fund, resulting in tax liability for shareholders subject to U.S. federal income tax. See “Federal Income Taxes.”

The Advisor or the Sub-Advisor may sell a security held by the Fund in the event the Underlying Index rebalances or the Fund needs cash, which may be caused by a need to increase cash reserves, make income distributions or pay third-party fees and expenses. The Underlying Index is rebalanced by ISE typically on a semi-annual basis, and the Fund will rebalance when the Underlying Index does. Fund shareholders can find a list of companies comprising the Fund’s Underlying Index on the Trust’s website at <http://www.focusshares.com> or on the ISE’s website <http://www.ise.com> under the heading “Options Exchange—Products Traded—Index Options—Components.”

**The ISE SINDEX.** The ISE SINDEX is an equal weighted “float-adjusted” index which includes stocks of owners and operators of casinos and gaming facilities, producers of beer and malt liquors, distillers, vintners and producers of other alcoholic beverages and manufacturers of cigarettes and other tobacco products. As of August 20, 2007, the ISE SINDEX was comprised of 30 component securities with market capitalizations greater than \$537.8 million that have daily average traded volume of at least \$9.0 million over the past three months. The total market capitalization of the ISE SINDEX Index as of August 20, 2007 was in excess of \$500.5 billion. The ISE SINDEX has been designed to include a maximum of 30 securities and may contain less than 30 from time to time. The criteria for inclusion in the ISE SINDEX are discussed in the Funds’ SAI.

**Fundamental and Non-Fundamental Policies.** The Fund’s investment objective and each of the other investment policies are non-fundamental policies that may be changed by the Board of Trustees without shareholder approval, except as noted in the Funds’ SAI under the heading “Fund Investment Policies.” However, shareholders would be notified prior to any material change in these policies.

## Principal Risks of Investing in the Fund

The Fund, together with the other Funds of the Trust, is subject to the following risks that are described in more detail under the heading “Principal Risk Factors Common to All Funds”:

Investment Style Risk	Investment Approach Risk
Issuer-Specific Risk	Interest Rate Risk
Stock Market Risk	Lack of Governmental Insurance or Guarantee
Shares of the Fund May Trade at Prices Other Than NAV	

In addition, the following principal risks are associated with the Fund in particular:

**Risks of Investing in the Stocks comprising the ISE SINDEX.** Stocks of companies held in the FocusShares ISE SINDEX Fund, such as companies in the tobacco, alcohol and gaming industries, may be subject to the risks related to frequent and extensive litigation as well as risks related to regulatory and legislative action, which may affect the profitability of companies in these industries.

**Market Risk.** The prices of the securities in the Fund are subject to the risk associated with investing in the stock market, including sudden and unpredictable drops in value. An investment in the Fund may lose money.

**Index Tracking for Non-Correlation Risk.** The Fund’s return may not match the return of the ISE SINDEX for a number of reasons. For example, the Fund incurs a number of operating expenses not applicable to the ISE SINDEX and incurs costs in buying and selling securities; especially when rebalancing the Fund’s securities holdings to reflect changes in the composition of the ISE SINDEX. The Fund may not be fully invested at times either as a result of cash flows into the Fund or reserves of cash held by the Fund to meet redemptions and pay expenses. Cash reserves may be held in a number of financial instruments, such as funds that invest exclusively in money market instruments (“Acquired Funds”), as described below under the heading “Additional Investment Strategies”. The need to comply with the diversification and other requirements of the Code may also impact the Fund’s ability to replicate the performance of the ISE SINDEX.

**Replication Management Risk.** Unlike many investment companies, the Fund is not actively “managed.” Therefore, unless a specific security is removed from the ISE SINDEX, the Fund generally would not sell a security because the security’s issuer was in financial trouble. An investment in the Fund involves risks similar to those of investing in any fund of equity securities traded on exchanges, such as market fluctuations caused by such factors as economic and political developments, changes in interest rates and perceived trends in stock prices. You should anticipate that the value of the Shares will decline, more or less, in correspondence with any decline in value of the ISE SINDEX.

**Non-Diversified.** The Fund is a separate investment portfolio of the Trust, which is an open-end investment company registered under the 1940 Act. The Fund is classified as a “non-diversified” investment company under the 1940 Act. As a result, the Fund is subject to the risk that it will be more volatile than a diversified fund because the Fund may invest its assets in a smaller number of issuers or may invest larger proportions of the assets of the Fund in a single company. As of August 20, 2007, the ISE SINDEX included 30 securities. As a result, the gains and losses on a single security may have a greater impact on the Fund’s NAV and may make the Fund more volatile than diversified funds.

**Concentration Risk.** To the extent that the ISE SINDEX concentrates in the securities of the liquor, tobacco and hotel/gaming industries, including stocks of owners and operators of casinos and gaming facilities, producers of beer and malt liquors, distillers, vintners and producers of other alcoholic beverages and manufacturers of cigarettes and other tobacco products, the Fund may concentrate its investments to approximately the same extent as the ISE SINDEX. Since the Fund concentrates or otherwise invests a large portion of its assets in a defined group of industries, it may be more susceptible to any single economic, market, political or regulatory occurrence affecting those industries. In such case, the Fund may be more volatile than funds based on broader or less volatile market segments.

**Investing in Small- or Mid-Cap Companies.** The Fund may invest in small- or mid-cap companies. If it does so, it may be subject to certain risks associated with small- or mid-cap companies. These companies are often subject to less analyst coverage and may be in early and less predictable periods of their corporate existences. In addition, these companies often have greater price volatility, lower trading volume and less liquidity than larger, more established companies. These companies tend to have smaller revenues, narrower product lines, less management depth and experience, smaller shares of their product or service markets, fewer financial resources and less competitive strength than larger companies.

**Absence of Prior Active Market.** The Fund is a newly organized series of an investment company and thus has no operating history. While the Fund intends that its Shares be listed on NYSE Arca, there can be no assurance that active trading markets for the Shares will develop or be maintained. The Distributor does not maintain a secondary market in the Shares.

**Trading Issues.** Trading in Shares on NYSE Arca may be halted due to market conditions or for reasons that, in the view of NYSE Arca, make trading in Shares inadvisable. In addition, trading in Shares on NYSE Arca is subject to trading halts caused by extraordinary market volatility pursuant to “circuit breaker” rules. There can be no assurance that the requirements of NYSE Arca necessary to maintain the listing of the Fund will continue to be met or will remain unchanged.

## Performance

The Fund has not yet commenced operations and therefore does not have a performance history. Performance history information provides some indication of the risks of investing in the Fund by showing changes in the Fund's performance from year to year and by showing how the Fund's average annual returns for 1, 5 and 10-year periods compare to those of a broad measure of market performance.

## Fees and Expenses of the Fund

This table describes the fees and expenses that you may pay if you buy and hold Shares of the Fund.<sup>(a)</sup>

Shareholder Expenses (fees paid directly from your investment)	None*
Standard Creation/Redemption Transaction Fee	\$1,000
Maximum Creation/Redemption Transaction Fee <sup>(b)</sup>	\$4,000
<hr/>	
Annual Fund Operating Expenses (expenses that are deducted from Fund assets)	
<hr/>	
Management Fee	0.65%
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Other Operating Expenses <sup>(c)</sup>	0.09%
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Total Annual Fund Operating Expenses	0.74%
<hr/>	
Less: Fee Waivers and/or Expense Reimbursement <sup>(d)</sup>	0.14%
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Net Operating Expenses <sup>(d)</sup>	0.60%
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## Expense Example

This example is intended to help you compare the cost of investing in the Fund with the cost of investing in other funds. This example does not take into account brokerage commissions that you pay when purchasing or selling Shares of the Fund.

The Fund sells and redeems Shares in Creation Units generally on an in-kind basis for the component securities of the ISE SINDEX. Shares in less than Creation Units are not redeemable. An investor purchasing a Creation Unit on an in-kind basis would pay the following expenses on a \$10,000 investment (payment with a deposit of securities included in the ISE SINDEX), assuming all Shares are redeemed at the end of the periods shown, a 5% annual return and that the Fund's operating expenses remain the same. *Investors should note that the presentation below of a \$10,000 investment is for illustration purposes only, as Shares will be issued by the Fund only in Creation Units of 50,000 Shares valued at approximately \$2,250,000 as of the first creation date. Further, the return of 5% and estimated expenses are for illustration purposes only, and should not be considered indicators of expected Fund*

*expenses or performance, which may be greater or less than the estimates. Based on these assumptions, your costs would be:*

Year	Expenses
1	\$ 61
3	\$220

- (a) When buying or selling Shares through a broker, you will incur customary brokerage commissions and charges.
- (b) If a Creation Unit is purchased or redeemed outside the usual process through the National Securities Clearing Corporation ("NSCC") or for cash, a variable fee of up to four times the standard creation or redemption Transaction Fee will be charged.
- (c) Other Operating Expenses are based on estimated amounts for the current fiscal year and calculated as a percentage of Fund net assets.
- (d) The Advisor has contractually agreed to waive fees and/or pay Fund expenses to the extent necessary to prevent the operating expenses (exclusive of brokerage costs, interest, taxes, dividends, litigation, indemnification and extraordinary expenses as determined under generally accepted accounting principles) and organizational costs of the Fund from exceeding 0.60% of average net assets per year until January 31, 2009. As a result, the Fund's "Total Annual Fund Operating Expenses" (excluding brokerage costs, interest, taxes, dividends, litigation, indemnification and extraordinary expenses) will be limited to 0.60%, as indicated in the table. The Advisor's expense limitation agreement is renewable annually, provided such renewal is approved by the Board of Trustees of the Trust.

\* See "Shareholder Information—Creation and Redemption of Creation Units" for a discussion of Creation and Redemption Transaction Fees.

### **Creation Transaction Fees and Redemption Transaction Fees**

The Trust issues and redeems Shares at NAV only in blocks of 50,000 Shares or whole multiples thereof. As a practical matter, only certain persons or entities known as "Authorized Participants" may purchase or redeem these Creation Units. A standard creation "Transaction Fee" of \$1,000 is charged to each purchaser of Creation Units. The creation Transaction Fee is the same regardless of the number of Creation Units purchased by an Authorized Participant on the same day. The value of a Creation Unit as of the first creation was approximately \$2,250,000. An Authorized Participant who holds Creation Units and wishes to redeem at NAV would also pay a standard redemption Transaction Fee of \$1,000 on the date of such redemption(s), regardless of the number of Creation Units redeemed that day. Authorized Participants who hold Creation Units will also pay the annual Fund operating expenses described in the table on the previous page. Assuming an investment in a Creation Unit of \$2,250,000 and a 5% return each year, and assuming that the Fund's operating expenses remain the same, the total costs would be \$15,797 if the Creation Unit is redeemed after one year and \$51,572 if the Creation Unit is redeemed after three years. *Investors should note that this presentation is for illustration purposes only and actual costs may be higher. See "Shareholder Information—Creation and Redemption of Creation Units."*

# FocusShares ISE-CCM Homeland Security Index Fund (Ticker Symbol: MYP )

## Principal Investment Objective and Strategies

**Investment Objective.** The Fund's investment objective is to provide investment results that correspond, before fees and expenses, generally to the price and yield performance of the ISE-CCM Homeland Security Index, which is briefly described below.

**Principal Investment Policy.** The Fund will normally invest at least 90% of its total assets in stocks of companies primarily engaged in the business of contractual work with the Department of Homeland Security or law enforcement agencies, or providing products or services for the following efforts: intelligence and warning; border and transportation security; domestic counterterrorism; protection of critical infrastructure; defense against catastrophic threats; and emergency preparedness and response. This 90% investment policy is non-fundamental and requires 60 days' prior written notice to shareholders before it can be changed. The Fund is non-diversified and may invest in small- and mid-capitalization companies.

**Indexing Investment Approach.** The Fund is not managed according to traditional methods of "active" investment management, which involve the buying and selling of securities based upon economic, financial and market analysis and investment judgment. Instead, the Fund, utilizing a "passive" or indexing investment approach, attempts to approximate the investment performance of the ISE-CCM Homeland Security Index by investing in a portfolio of securities that generally replicates the ISE-CCM Homeland Security Index, which was created by the ISE on December 31, 1999.

The Advisor anticipates that, generally, the Fund will hold all of the securities which comprise the ISE-CCM Homeland Security Index in proportion to their weightings in the ISE-CCM Homeland Security Index. However, under various circumstances, it may not be possible or practicable to purchase all of those securities in these weightings. In these circumstances, the Fund may purchase a sample of securities in the ISE Homebuilders Index. There also may be instances in which the Advisor or Sub-Advisor may choose to overweight another security in the ISE Homebuilders Index, purchase securities not in the ISE-CCM Homeland Security Index that the Advisor or Sub-Advisor believes are appropriate to substitute for certain securities in the ISE-CCM Homeland Security Index, or utilize various combinations of other available investment techniques in seeking to replicate as closely as possible, before fees and expenses, the price and yield performance of the ISE-CCM Homeland Security Index. The Fund may sell securities that are represented in the ISE-CCM Homeland Security Index in anticipation of their removal from the ISE-CCM Homeland Security Index or purchase securities not represented in the ISE-CCM Homeland Security Index in anticipation of their addition to the ISE-CCM Homeland Security Index. The Advisor expects that, over time, the correlation between the

Fund's performance and that of the ISE-CCM Homeland Security Index, before fees and expenses, will be 95% or better. A figure of 100% would indicate perfect correlation.

The Fund will normally invest at least 90% of its total assets in securities that comprise the ISE-CCM Homeland Security Index. A lesser percentage may be so invested to the extent that the Advisor needs additional flexibility to comply with the requirements of the Code, and other regulatory requirements.

Because of the passive investment management approach of the Fund, the portfolio turnover rate is expected to be under 30%, generally a lower turnover rate than for many other investment companies. Sales as a result of ISE-CCM Homeland Security Index changes could result in the realization of short- or long-term capital gains in the Fund, resulting in tax liability for shareholders subject to U.S. federal income tax. See "Federal Income Taxes."

The Advisor or the Sub-Advisor may sell a security held by the Fund in the event the Underlying Index rebalances or the Fund needs cash, which may be caused by a need to increase cash reserves, make income distributions or pay third-party fees and expenses. The Underlying Index is rebalanced by ISE typically on a semi-annual basis, and the Fund will rebalance when the Underlying Index does. Fund shareholders can find a list of companies comprising the Fund's Underlying Index on the Trust's website at <http://www.focusshares.com> or on the ISE's website <http://www.ise.com> under the heading "Options Exchange—Products Traded—Index Options—Components."

**The ISE-CCM Homeland Security Index.** The ISE-CCM Homeland Security Index is a "float-adjusted" capitalization index which includes the stocks of companies engaged in contractual work with the U.S. Department of Homeland Security or law enforcement agencies, or providing products or services for the following efforts: intelligence and warning; border and transportation security; domestic counterterrorism; protection of critical infrastructure; defense against catastrophic threats; and emergency preparedness and response. As of August 14, 2007, the ISE-CCM Homeland Security Index was comprised of 30 component securities with market capitalizations greater than \$99.3 million that have daily average traded volume of at least \$299,000 over the past three months. The total market capitalization of the ISE-CCM Homeland Security Index as of August 14, 2007 was in excess of \$81.6 billion. The ISE-CCM Homeland Security Index was jointly developed by ISE and Cronus Capital Markets, Inc. Cronus Capital Markets, Inc., an independent and privately owned capital market research and consulting firm ("CCM"), provides specific research and support for the Index. The ISE-CCM Homeland Security Index has been designed to include 30 stocks at all times. The criteria for inclusion in the ISE-CCM Homeland Security Index are discussed in the Funds' SAI.

**Fundamental and Non-Fundamental Policies.** The Fund's investment objective and each of the other investment policies are non-fundamental policies that may be

changed by the Board of Trustees without shareholder approval, except as noted in the Statement of Additional Information under the heading “Fund Investment Policies.” However, shareholders would be notified prior to any material change in these policies.

### Principal Risks of Investing in the Fund

The Fund, together with the other Funds of the Trust, is subject to the following risks that are described in more detail under the heading “Principal Risk Factors Common to All Funds”:

Investment Style Risk	Investment Approach Risk
Issuer-Specific Risk	Interest Rate Risk
Stock Market Risk	Lack of Governmental Insurance or Guarantee

Shares of the Fund May Trade at Prices Other Than NAV

In addition, the following principal risks are associated with the Fund in particular:

**Risks of Investing in the Stocks comprising the ISE-CCM Homeland Security Index.** The companies whose stocks are held by the FocusShares ISE-CCM Homeland Security Index Fund, such as companies in the defense and weapons industries, may be adversely affected by changes in economic and political conditions, as well as legislative initiatives, all of which may negatively affect the profitability of companies in those industries.

**Market Risk.** The prices of the securities in the Fund are subject to the risk associated with investing in the stock market, including sudden and unpredictable drops in value. An investment in the Fund may lose money.

**Index Tracking or Non-Correlation Risk.** The Fund’s return may not match the return of the ISE-CCM Homeland Security Index for a number of reasons. For example, the Fund incurs a number of operating expenses not applicable to the ISE-CCM Homeland Security Index and incurs costs in buying and selling securities; especially when rebalancing the Fund’s securities holdings to reflect changes in the composition of the ISE-CCM Homeland Security Index. The Fund may not be fully invested at times either as a result of cash flows into the Fund or reserves of cash held by the Fund to meet redemptions and pay expenses. Cash reserves may be held in a number of financial instruments, such as funds that invest exclusively in money market instruments (“Acquired Funds”), as described below under the heading “Additional Investment Strategies”. The need to comply with the diversification and other requirements of the Code may also impact the Fund’s ability to replicate the performance of the ISE-CCM Homeland Security Index.

**Replication Management Risk.** Unlike many investment companies, the Fund is not actively “managed.” Therefore, unless a specific security is removed from the

ISE-CCM Homeland Security Index, the Fund generally would not sell a security because the security's issuer was in financial trouble. An investment in the Fund involves risks similar to those of investing in any fund of equity securities traded on exchanges, such as market fluctuations caused by such factors as economic and political developments, changes in interest rates and perceived trends in stock prices. You should anticipate that the value of the Shares will decline, more or less, in correspondence with any decline in value of the ISE-CCM Homeland Security Index.

**Non-Diversified.** The Fund is a separate investment portfolio of the Trust, which is an open-end investment company registered under the 1940 Act. The Fund is classified as a "non-diversified" investment company under the 1940 Act. As a result, the Fund is subject to the risk that it will be more volatile than a diversified fund because the Fund may invest its assets in a smaller number of issuers or may invest larger proportions of the assets of the Fund in a single company within the industries that comprise the ISE-CCM Homeland Security Index. As of August 14, 2007, the ISE-CCM Homeland Security Index included 30 securities.

As a result, the gains and losses on a single security may have a greater impact on the Fund's NAV and may make the Fund more volatile than diversified funds.

**Concentration Risk.** The ISE-CCM Homeland Security Index may concentrate in the securities of industries engaged in contractual work with the Department of Homeland Security or law enforcement agencies, or providing products or services for the following efforts: intelligence and warning; border and transportation security; domestic counterterrorism; protection of critical infrastructure; defense against catastrophic threats; and emergency preparedness and response. To the extent that the ISE-CCM Homeland Security Index is concentrated in any particular industry, the Fund may concentrate its investments to approximately the same extent. Since the Fund may concentrate or otherwise invest a large portion of its assets in an industry, it may be more susceptible to any single economic, market, political or regulatory occurrence affecting that industry. In such case, the Fund may be more volatile than funds based on broader or less volatile market segments. Presently, the ISE-CCM Homeland Security Index does not exhibit concentration in any particular industry or group of industries, although this may change in the future.

**Investing in Small- or Mid-Cap Companies.** The Fund may invest in small- or mid-cap companies. If it does so, it may be subject to certain risks associated with small- or mid-cap companies. These companies are often subject to less analyst coverage and may be in early and less predictable periods of their corporate existences. In addition, these companies often have greater price volatility, lower trading volume and less liquidity than larger, more established companies. These companies tend to have smaller revenues, narrower product lines, less management depth and experience, smaller shares of their product or service markets, fewer financial resources and less competitive strength than larger companies.

**Absence of Prior Active Market.** The Fund is a newly organized series of an investment company and thus has no operating history. While the Fund intends that its Shares be listed on NYSE Arca, there can be no assurance that active trading markets for the Shares will develop or be maintained. The Distributor does not maintain a secondary market in the Shares.

**Trading Issues.** Trading in Shares on NYSE Arca may be halted due to market conditions or for reasons that, in the view of NYSE, make trading in Shares inadvisable. In addition, trading in Shares on NYSE Arca is subject to trading halts caused by extraordinary market volatility pursuant to “circuit breaker” rules. There can be no assurance that the requirements of NYSE Arca necessary to maintain the listing of the Fund will continue to be met or will remain unchanged.

## Performance

The Fund has not yet commenced operations and therefore does not have a performance history. Performance history information provides some indication of the risks of investing in the Fund by showing changes in the Fund’s performance from year to year and by showing how the Fund’s average annual returns for 1, 5 and 10-year periods compare to those of a broad measure of market performance.

## Fees and Expenses of the Fund

This table describes the fees and expenses that you may pay if you buy and hold Shares of the Fund.<sup>(a)</sup>

### Shareholder Expenses

(fees paid directly from your investment)	None*
Standard Creation/Redemption Transaction Fee	\$1,000
Maximum Creation/Redemption Transaction Fee <sup>(b)</sup>	\$4,000

### ANNUAL FUND OPERATING EXPENSES

(expenses that are deducted from Fund assets)	
Management Fee	0.65%
Other Operating Expenses <sup>(c)</sup>	0.09%
Total Annual Fund Operating Expenses	0.74%
Less: Fee Waivers and/or Expense Reimbursement <sup>(d)</sup>	0.14%
Net Operating Expenses <sup>(d)</sup>	0.60%

## Expense Example

This example is intended to help you compare the cost of investing in the Fund with the cost of investing in other funds. This example does not take into account brokerage commissions that you pay when purchasing or selling Shares of the Fund.

The Fund sells and redeems Shares in Creation Units generally on an in-kind basis for the component securities of the ISE-CCM Homeland Security Index. Shares in less than Creation Units are not redeemable. An investor purchasing a Creation Unit on an in-kind basis would pay the following expenses on a \$10,000 investment (payment with a deposit of securities included in the ISE-CCM Homeland Security Index), assuming all Shares are redeemed at the end of the periods shown, a 5% annual return and that the Fund's operating expenses remain the same. *Investors should note that the presentation below of a \$10,000 investment is for illustration purposes only, as Shares will be issued by the Fund only in Creation Units of 50,000 Shares valued at approximately \$2,250,000 as of the first creation date. Further, the return of 5% and estimated expenses are for illustration purposes only, and should not be considered indicators of expected Fund expenses or performance, which may be greater or less than the estimates. Based on these assumptions, your costs would be:*

Year	Expenses
1	\$ 61
3	\$220

- When buying or selling Shares through a broker, you will incur customary brokerage commissions and charges.
- If a Creation Unit is purchased or redeemed outside the usual process through the National Securities Clearing Corporation ("NSCC") or for cash, a variable fee of up to four times the standard creation or redemption Transaction Fee will be charged.
- Other Operating Expenses are based on estimated amounts for the current fiscal year and calculated as a percentage of Fund net assets.
- The Advisor has contractually agreed to waive fees and/or pay Fund expenses to the extent necessary to prevent the operating expenses (exclusive of brokerage costs, interest, taxes, dividends, litigation, indemnification and extraordinary expenses as determined under generally accepted accounting principles) and organizational costs of the Fund from exceeding 0.60% of average net assets per year until January 31, 2009. As a result, the Fund's "Total Annual Fund Operating Expenses" (excluding brokerage costs, interest, taxes, dividends, litigation, indemnification and extraordinary expenses) will be limited to 0.60%, as indicated in the table. The Advisor's expense limitation agreement is renewable annually, provided such renewal is approved by the Board of Trustees of the Trust.

\* See "Shareholder Information—Creation and Redemption of Creation Units" for a discussion of Creation and Redemption Transaction Fees.

## Creation Transaction Fees and Redemption Transaction Fees

The Trust issues and redeems Shares at NAV only in blocks of 50,000 Shares or whole multiples thereof. As a practical matter, only certain persons or entities known as "Authorized Participants" may purchase or redeem these Creation Units. A standard creation "Transaction Fee" of \$1,000 is charged to each purchaser of Creation Units. The creation Transaction Fee is the same regardless of the number

of Creation Units purchased by an Authorized Participant on the same day. The value of a Creation Unit as of the first creation was approximately \$2,250,000. An Authorized Participant who holds Creation Units and wishes to redeem at NAV would also pay a standard redemption Transaction Fee of \$1,000 on the date of such redemption(s), regardless of the number of Creation Units redeemed that day. Authorized Participants who hold Creation Units will also pay the annual Fund operating expenses described in the table on the previous page. Assuming an investment in a Creation Unit of \$2,250,000 and a 5% return each year, and assuming that the Fund's operating expenses remain the same, the total costs would be \$15,797 if the Creation Unit is redeemed after one year and \$51,572 if the Creation Unit is redeemed after three years. *Investors should note that this presentation is for illustration purposes only and actual costs may be higher. See "Shareholder Information—Creation and Redemption of Creation Units."*

# FocusShares ISE-Revere Wal-Mart Supplier Index Fund (Ticker Symbol: WSI)

## Principal Investment Objective and Strategies

**Investment Objective.** The Fund's investment objective is to provide investment results that correspond, before fees and expenses, generally to the price and yield performance of the ISE-Revere Wal-Mart Supplier Index, which is briefly described below.

**Principal Investment Policy.** The Fund will normally invest at least 90% of its total assets in stocks of companies that derive a substantial portion of revenue from Wal-Mart Stores, Inc. This 90% investment policy is non-fundamental and requires 60 days' prior written notice to shareholders before it can be changed. The Fund is non-diversified and may invest in small- and mid-capitalization companies.

**Indexing Investment Approach.** The Fund is not managed according to traditional methods of "active" investment management, which involve the buying and selling of securities based upon economic, financial and market analysis and investment judgment. Instead, the Fund, utilizing a "passive" or indexing investment approach, attempts to approximate the investment performance of the ISE-Revere Wal-Mart Supplier Index by investing in a portfolio of securities that generally replicate the ISE-Revere Wal-Mart Supplier Index, which was created by the ISE on July 1, 2002.

The Advisor anticipates that, generally, the Fund will hold all of the securities which comprise the ISE-Revere Wal-Mart Supplier Index in proportion to their weightings in the ISE-Revere Wal-Mart Supplier Index. However, under various circumstances, it may not be possible or practicable to purchase all of those securities in these weightings. In these circumstances, the Fund may purchase a sample of securities in the ISE-Revere Wal-Mart Supplier Index. There also may be instances in which the Advisor or Sub-Advisor may choose to overweight another security in the ISE-Revere Wal-Mart Supplier Index, purchase securities not in the ISE-Revere Wal-Mart Supplier Index that the Advisor or Sub-Advisor believes are appropriate to substitute for certain securities in the ISE-Revere Wal-Mart Supplier Index, or utilize various combinations of other available investment techniques in seeking to replicate as closely as possible, before fees and expenses, the price and yield performance of the ISE-Revere Wal-Mart Supplier Index. The Fund may sell securities that are represented in the ISE-Revere Wal-Mart Supplier Index in anticipation of their removal from the ISE-Revere Wal-Mart Supplier Index or purchase securities not represented in the ISE-Revere Wal-Mart Supplier Index in anticipation of their addition to the ISE-Revere Wal-Mart Supplier Index. The Advisor expects that, over time, the correlation between the Fund's performance and that of the ISE-Revere Wal-Mart Supplier Index, before fees and expenses, will be 95% or better. A figure of 100% would indicate perfect correlation.

The Fund will normally invest at least 90% of its total assets in securities that comprise the ISE-Revere Wal-Mart Supplier Index. A lesser percentage may be so invested to the extent that the Advisor needs additional flexibility to comply with the requirements of the Code, and other regulatory requirements.

Because of the passive investment management approach of the Fund, the portfolio turnover rate is expected to be under 30%, generally a lower turnover rate than for many other investment companies. Sales as a result of ISE-Revere Wal-Mart Supplier Index changes could result in the realization of short- or long-term capital gains in the Fund, resulting in tax liability for shareholders subject to U.S. federal income tax. See "Federal Income Taxes."

The Advisor or the Sub-Advisor may sell a security held by the Fund in the event the Underlying Index rebalances or the Fund needs cash, which may be caused by a need to increase cash reserves, make income distributions or pay third-party fees and expenses. The Underlying Index is rebalanced by ISE typically on a semi-annual basis, and the Fund will rebalance when the Underlying Index does. Fund shareholders can find a list of companies comprising the Fund's Underlying Index on the Trust's website at <http://www.focushshares.com> or on the ISE's website <http://www.ise.com> under the heading "Options Exchange—Products Traded—Index Options—Components."

**The ISE-Revere Wal-Mart Supplier Index.** The ISE-Revere Wal-Mart Supplier Index is a "float-adjusted" capitalization index that tracks the performance of companies that derive a substantial portion of revenue from Wal-Mart Stores, Inc. The ISE-Revere Wal-Mart Supplier Index is designed to exploit a unique situation where the world's largest retailer has spawned a sub-industry of dependent companies, including many that are common household names. The goal of the ISE-Revere Wal-Mart Supplier Index is to be the benchmark of that sub-industry. As of August 14, 2007, the ISE-Revere Wal-Mart Supplier Index was comprised of 30 component securities with market capitalizations greater than \$69.8 million that have daily average traded volume of at least \$803,000 over the past three months. The total market capitalization was in excess of \$103.6 billion. The ISE-Revere Wal-Mart Supplier Index has been designed to include a maximum of 30 securities and may contain less than 30 from time to time. The criteria for inclusion in the ISE-Revere Wal-Mart Supplier Index are discussed in the Funds' SAI.

**Fundamental and Non-Fundamental Policies.** The Fund's investment objective and each of the other investment policies are non-fundamental policies that may be changed by the Board of Trustees without shareholder approval, except as noted in the Statement of Additional Information under the heading "Fund Investment Policies." However, shareholders would be notified prior to any material change in these policies.

## Principal Risks of Investing in the Fund

The Fund, together with the other Funds of the Trust, is subject to the following risks that are described in more detail under the heading “Principal Risk Factors Common to All Funds”:

Investment Style Risk	Investment Approach Risk
Issuer-Specific Risk	Interest Rate Risk
Stock Market Risk	Lack of Governmental Insurance or Guarantee
Shares of the Fund May Trade at Prices Other Than NAV	

In addition, the following principal risks are associated with the Fund in particular:

**Risks of Investing in Stocks Comprising the ISE-Revere Wal-Mart Supplier Index.** The companies whose stocks are held by the FocusShares ISE-Revere Wal-Mart Supplier Index Fund may be significantly affected by the performance of the overall economy, interest rates, competition, consumer confidence and the underlying performance of Wal-Mart Stores, Inc. The profitability of these companies may depend heavily upon disposable household income and consumer spending. Changes in demographics and consumer tastes may also affect the demand for, and success of, consumer discretionary products.

**Market Risk.** The prices of the securities in the Fund are subject to the risk associated with investing in the stock market, including sudden and unpredictable drops in value. An investment in the Fund may lose money.

**Index Tracking or Non-Correlation Risk.** The Fund’s return may not match the return of the ISE-Revere Wal-Mart Supplier Index for a number of reasons. For example, the Fund incurs a number of operating expenses not applicable to the ISE-Revere Wal-Mart Supplier Index and incurs costs in buying and selling securities; especially when rebalancing the Fund’s securities holdings to reflect changes in the composition of the ISE-Revere Wal-Mart Supplier Index. The Fund may not be fully invested at times either as a result of cash flows into the Fund or reserves of cash held by the Fund to meet redemptions and pay expenses. Cash reserves may be held in a number of financial instruments, such as funds that invest exclusively in money market instruments (“Acquired Funds”), as described below under the heading “Additional Investment Strategies”. The need to comply with the diversification and other requirements of the Code may also impact the Fund’s ability to replicate the performance of the ISE-Revere Wal-Mart Supplier Index.

**Replication Management Risk.** Unlike many investment companies, the Fund is not actively “managed.” Therefore, unless a specific security is removed from the ISE-Revere Wal-Mart Supplier Index, the Fund generally would not sell a security because the security’s issuer was in financial trouble. An investment in the Fund involves risks similar to those of investing in any fund of equity securities traded on exchanges, such as market fluctuations caused by such factors as economic and

political developments, changes in interest rates and perceived trends in stock prices. You should anticipate that the value of the Shares will decline, more or less, in correspondence with any decline in value of the ISE-Revere Wal-Mart Supplier Index.

**Non-Diversified.** The Fund is a separate investment portfolio of the Trust, which is an open-end investment company registered under the 1940 Act. The Fund is classified as a “non-diversified” investment company under the 1940 Act. As a result, the Fund is subject to the risk that it will be more volatile than a diversified fund because the Fund may invest its assets in a smaller number of issuers or may invest larger proportions of the assets of the Fund in a single company within the industries that comprise the ISE-Revere Wal-Mart Supplier Index. As of August 14, 2007, the ISE-Revere Wal-Mart Supplier Index included 30 securities. As a result, the gains and losses on a single security may have a greater impact on the Fund’s NAV and may make the Fund more volatile than diversified funds.

**Concentration Risk.** The ISE-Revere Wal-Mart Supplier Index concentrates in the securities of companies in the retail manufacturing and wholesale supply of retail goods industries to the extent that it includes only those companies that derive a substantial portion of revenue from supplying Wal-Mart Stores, Inc. To the extent that the ISE-Revere Wal-Mart Supplier Index is concentrated in any particular industry, the Fund may concentrate its investments to approximately the same extent. Since the Fund concentrates or otherwise invests a large portion of its assets in a single industry or group of industries, it may be more susceptible to any single economic, market, political or regulatory occurrence affecting that industry or group of industries. In such case, the Fund may be more volatile than funds based on broader or less volatile market segments.

**Investing in Small- or Mid-Cap Companies.** The Fund may invest in small- or mid-cap companies. If it does so, it may be subject to certain risks associated with small- or mid-cap companies. These companies are often subject to less analyst coverage and may be in early and less predictable periods of their corporate existences. In addition, these companies often have greater price volatility, lower trading volume and less liquidity than larger, more established companies. These companies tend to have smaller revenues, narrower product lines, less management depth and experience, smaller shares of their product or service markets, fewer financial resources and less competitive strength than larger companies.

**Absence of Prior Active Market.** The Fund is a newly organized series of an investment company and thus has no operating history. While the Fund intends that its Shares be listed on NYSE Arca, there can be no assurance that active trading markets for the Shares will develop or be maintained. The Distributor does not maintain a secondary market in the Shares.

**Trading Issues.** Trading in Shares on the NYSE Arca may be halted due to market conditions or for reasons that, in the view of the NYSE, make trading in Shares

inadvisable. In addition, trading in Shares on the NYSE Arca is subject to trading halts caused by extraordinary market volatility pursuant to “circuit breaker” rules. There can be no assurance that the requirements of the NYSE Arca necessary to maintain the listing of the Fund will continue to be met or will remain unchanged.

## Performance

The Fund has not yet commenced operations and therefore does not have a performance history. Performance history information will provide an indication of the risks of investing in the Fund by showing changes in the Fund’s performance from year to year and by showing how its returns for 1, 5 and 10-year periods compare to a broad-based measure of market performance.

## Fees and Expenses of the Fund

This table describes the fees and expenses that you may pay if you buy and hold Shares of the Fund.<sup>(a)</sup>

### Shareholder Expenses

(fees paid directly from your investment)	None*
Standard Creation/Redemption Transaction Fee	\$1,000
Maximum Creation/Redemption Transaction Fee <sup>(b)</sup>	\$4,000

### ANNUAL FUND OPERATING EXPENSES

(expenses that are deducted from Fund assets)	
Management Fee	0.65%
Other Operating Expenses <sup>(c)</sup>	0.09%
Total Annual Fund Operating Expenses	0.74%
Less: Fee Waivers and/or Expense Reimbursement <sup>(d)</sup>	0.14%
Net Operating Expenses <sup>(d)</sup>	0.60%

## Expense Example

This example is intended to help you compare the cost of investing in the Fund with the cost of investing in other funds. This example does not take into account brokerage commissions that you pay when purchasing or selling Shares of the Fund.

The Fund sells and redeems Shares in Creation Units principally on an in-kind basis for the component securities of the ISE-Revere Wal-Mart Supplier Index. Shares in less than Creation Units are not redeemable. An investor purchasing a Creation Unit on an in-kind basis would pay the following expenses on a \$10,000 investment (payment with a deposit of securities included in the ISE-Revere Wal-Mart Supplier Index), assuming all Shares are redeemed at the end of the periods shown, a 5% annual return and that

the Fund's operating expenses remain the same. *Investors should note that the presentation below of a \$10,000 investment is for illustration purposes only, as Shares will be issued by the Fund only in Creation Units of 50,000 Shares valued at approximately \$2,250,000 of the first creation date. Further, the return of 5% and estimated expenses are for illustration purposes only, and should not be considered indicators of expected Fund expenses or performance, which may be greater or less than the estimates. Based on these assumptions, your costs would be:*

Year	Expenses
1	\$ 61
3	\$220

- (a) When buying or selling Shares through a broker, you will incur customary brokerage commissions and charges.
  - (b) If a Creation Unit is purchased or redeemed outside the usual process through the National Securities Clearing Corporation ("NSCC") or for cash, a variable fee of up to four times the standard creation or redemption Transaction Fee will be charged.
  - (c) Other Operating Expenses are based on estimated amounts for the current fiscal year and calculated as a percentage of Fund net assets.
  - (d) The Advisor has contractually agreed to waive fees and/or pay Fund expenses to the extent necessary to prevent the operating expenses (exclusive of brokerage costs, interest, taxes, dividends, litigation, indemnification and extraordinary expenses as determined under generally accepted accounting principles) and organizational costs of the Fund from exceeding 0.60% of average net assets per year until January 31, 2009. As a result, the Fund's "Total Annual Fund Operating Expenses" (excluding brokerage costs, interest, taxes, dividends, litigation, indemnification and extraordinary expenses) will be limited to 0.60%, as indicated in the table. The Advisor's expense limitation agreement is renewable annually, provided such renewal is approved by the Board of Trustees of the Trust.
- \* See "Shareholder Information—Creation and Redemption of Creation Units" for a discussion of Creation and Redemption Transaction Fees.

### **Creation Transaction Fees and Redemption Transaction Fees**

The Trust issues and redeems Shares at NAV only in blocks of 50,000 Shares or whole multiples thereof. As a practical matter, only Authorized Participants may purchase or redeem these Creation Units. A standard creation Transaction Fee of \$1,000 is charged to each purchaser of Creation Units. The creation Transaction Fee is the same regardless of the number of Creation Units purchased by an Authorized Participant on the same day. The value of a Creation Unit as of the first creation was approximately \$2,250,000. An Authorized Participant who holds Creation Units and wishes to redeem at NAV would also pay a standard redemption Transaction Fee of \$1,000 on the date of such redemption(s), regardless of the number of Creation Units redeemed that day. Authorized Participants who hold Creation Units will also pay the annual Fund operating expenses described in the table on the previous page. Assuming an investment in a Creation Unit of \$2,250,000 and a 5% return each year, and assuming that the Fund's operating expenses remain the same, the total costs would be \$15,797 if the Creation Unit is redeemed after one year and \$51,572 if the Creation Unit is redeemed after three years. *Investors should note that this presentation is for illustration purposes only and actual costs may be higher. See "Shareholder Information—Creation and Redemption of Creation Units."*

## Additional Investment Strategies

Each Fund will normally invest at least 90% of its total assets in component securities that comprise its respective Underlying Index. As a non-principal investment strategy, each Fund may invest its remaining assets in money market instruments, including repurchase agreements or Acquired Funds which invest exclusively in money market instruments (subject to applicable limitations under the 1940 Act, or exemptions therefrom), convertible securities, structured notes (notes on which the amount of principal repayment and interest payments are based on the movement of one or more specified factors, such as the movement of a particular stock or stock index) and options and futures contracts. Options and futures contracts, convertible securities and structured notes may be used by each Fund in seeking performance that corresponds to its respective Underlying Index, and in managing cash flows. The Funds will not invest in money market instruments as part of a temporary defensive strategy to protect against potential stock market declines.

As an additional non-principal strategy, the Funds may lend their portfolio securities to brokers, dealers and other financial institutions desiring to borrow securities to complete transactions and for other purposes. In connection with such loans, the Funds receive liquid collateral equal to at least 102% of the value of the portfolio securities being loaned. This collateral is marked-to-market on a daily basis. Although a Fund will receive collateral in connection with all loans of its securities holdings, the Fund would be exposed to a risk of loss should a borrower default on its obligation to return the borrowed securities (*e.g.*, the loaned securities may have appreciated beyond the value of the collateral held by the Fund). In addition, the Fund will bear the risk of loss of any cash collateral that it invests.

## Principal Risk Factors Common to All Funds

In addition to the risks associated with a particular Fund that are discussed under the description of that Fund in the FocusShares Trust Funds sections above, all Funds are also subject to the principal risks described below. Some or all of these risks may adversely affect a Fund's NAV, trading price, yield, total return and/or its ability to meet its objectives.

### Investment Style Risk

The returns from the types of securities in which a Fund invests may under-perform returns from the various general securities markets or different asset classes. This may cause a Fund to under-perform other investment vehicles that invest in different asset classes. Different types of securities (for example, large-, mid- and small-capitalization stocks) tend to go through cycles of doing better—or worse—than the

general securities markets. In the past, these periods have lasted for as long as several years.

### **Investment Approach Risk**

Each Fund invests in the securities included in, or representative of, its Underlying Index regardless of their investment merit. The Funds do not attempt to outperform their Underlying Indexes or take defensive positions in declining markets. As a result, each Fund's performance may be adversely affected by a general decline in the U.S. market segments relating to its Underlying Index.

### **Issuer-Specific Risk**

Changes in the financial condition of an issuer of the stock or counterparty to a financial instrument, changes in specific economic or political conditions that affect a particular type of security or issuer, and changes in general economic or political conditions can affect a security's or instrument's value. The value of securities of smaller, less well-known issuers can be more volatile than that of larger issuers. Issuer-specific events can have a negative impact on the value of a Fund.

### **Interest Rate Risk**

Each of the Underlying Indexes, and therefore the Funds, may be more heavily weighted than other types of investments in market sectors or certain industries that are sensitive to interest rate fluctuations (such as the financial sector and the building industry). The Funds therefore may be more sensitive to fluctuations in interest rates than other types of investments. In particular, increases in prevailing interest rates could have a negative impact on the performance of the Funds.

### **Stock Market Risk**

The trading price of equity securities, including the prices of each Fund's Shares, will fluctuate in response to a variety of factors. These factors include events impacting a single issuer, as well as political, market and economic developments that affect specific market segments and the market as a whole. Each Fund's NAV and market price, like stock prices generally, will fluctuate within a wide range in response to these factors. As a result, an investor could lose money over short or even long periods.

Although it is expected that the Shares of the Funds will be listed for trading on NYSE Arca, it is possible that an active trading market may not be maintained.

### **Lack of Governmental Insurance or Guarantee**

An investment in a Fund is not a bank deposit and it is not insured or guaranteed by the Federal Deposit Insurance Corporation ("FDIC") or any other government agency.

## **Shares of the Funds May Trade at Prices Other Than NAV**

It is expected that the Shares of a Fund will be listed for trading on NYSE Arca and will be bought and sold in the secondary market at market prices. Although it is expected that generally the market price of the Shares of each Fund will approximate the respective Fund's NAV, there may be times when the market price and the NAV vary significantly. Thus, you may pay more than NAV when you buy Shares of a Fund in the secondary market, and you may receive less than NAV when you sell those Shares in the secondary market.

The market price of Fund Shares during the trading day, like the price of any exchange-traded security, includes a "bid/ask" spread charged by the exchange specialist, market makers or other participants that trade the Fund Shares. In times of severe market disruption, the bid/ask spread can increase significantly. At those times, Fund Shares are most likely to be traded at a discount to NAV, and the discount is likely to be greatest when the price of Shares is falling fastest, which may be the time that you most want to sell your Shares. The Advisor believes that, under normal market conditions, large market price discounts or premiums to NAV will not be sustained because of arbitrage opportunities.

## **Portfolio Holdings**

A description of each Fund's policies and procedures with respect to the disclosure of the Fund's portfolio securities is available in the Funds' SAI.

## **Management**

### **Board of Trustees**

The Board of Trustees of the Trust ("Board") has responsibility for the general oversight of the management of the Funds, including general supervision of the Advisor and other service providers, but is not involved in the day-to-day management of the Trust. A list of the Trustees and the Trust officers, and their present positions and principal occupations is provided in the Funds' SAI.

### **Investment Adviser**

Under the terms of an Investment Advisory Agreement between the Trust and FocusShares, LLC with respect to each of the Funds (the "Investment Advisory Agreement"), FocusShares, LLC serves as the Advisor to the Funds and, subject to the supervision of the Board of Trustees, will be responsible for the day-to-day investment management of the Funds. The Advisor's principal business address is 210 Summit Avenue, Suite C-11, Montvale, NJ 07645.

The Advisor registered with the SEC as a registered investment adviser effective November 1, 2007. The Advisor does not manage any other investment companies and has limited experience as an investment adviser. The Advisor arranged for the provision of sub-advisory, distribution, transfer agency, custody, fund administration and all other services necessary for the Funds to operate. The portfolio managers that will manage the Funds as employees of the Sub-Advisor have several years of industry experience, which is discussed in further detail in the “Portfolio Managers” section below.

The basis for the Board’s approval of the Investment Advisory Agreement and the sub-advisory agreement with the Sub-Advisor will be available in the Trust’s Annual Report to Shareholders for the fiscal year ended September 30, 2008.

**Advisory Fees.** The Advisor expects to receive fees from each Fund, based on a percentage of the Fund’s average daily net assets, as shown in the following table:

Name of Fund	Management Fee
FocusShares ISE Homebuilders Index Fund	0.65%
FocusShares ISE SInDEX Fund	0.65%
FocusShares ISE-CCM Homeland Security Index Fund	0.65%
FocusShares ISE-Revere Wal-Mart Supplier Index Fund	0.65%

**Other Expenses.** Under the Investment Advisory Agreement, the Advisor has agreed to pay all expenses of the Trust, except for: (i) brokerage expenses and other expenses (such as stamp taxes) connected with the execution of portfolio transactions or in connection with creation and redemption transactions; (ii) interest and tax expenses; (iii) dividend or distribution expenses; (iv) legal fees or expenses in connection with any arbitration, litigation or pending or threatened arbitration or litigation, including any settlements in connection therewith; (v) compensation and expenses of each Independent Trustee; (vi) compensation and expenses of counsel to the Independent Trustees; (vii) compensation and expenses of, or fees and expenses relating to the provision of the services of, the Trust’s chief compliance officer and the Trust’s principal financial officer; (viii) distribution fees and expenses, if any, paid by the Trust under any distribution plan adopted pursuant to Rule 12b-1 under the 1940 Act; (ix) extraordinary expenses, as determined under generally accepted accounting principles; and (viii) the advisory fee payable to the Advisor.

**Expense Limitation Agreement.** The Advisor has agreed, pursuant to an Expense Limitation Agreement with the Trust (the “Expense Limitation Agreement”), to waive or reduce its fees and to assume other expenses of the Funds, if necessary, to prevent the total annual operating expenses (exclusive of brokerage costs, interest, taxes, dividends, litigation, indemnification, and extraordinary expenses as determined under generally accepted accounting principles) and organizational costs

of each Fund from exceeding the following annual rates (expressed as percentages of each Fund's average daily net assets) for the period ending January 31, 2009:

Name of Fund	Expense Limitation Rate
FocusShares ISE Homebuilders Index Fund	0.35%
FocusShares ISE SINDEX Fund	0.60%
FocusShares ISE-CCM Homeland Security Index Fund	0.60%
FocusShares ISE-Revere Wal-Mart Supplier Index Fund	0.60%

The Advisor currently expects that the Expense Limitation Agreement will continue from year-to-year provided such continuance is approved by the Board. The Trust may terminate the Expense Limitation Agreement at any time. The Advisor may also terminate the Expense Limitation Agreement at the end of the then-current term upon prior written notice to the Trust as set forth in the Expense Limitation Agreement.

### **Sub-Adviser**

NTI, pursuant to the terms of a Sub-Advisory Agreement between NTI and the Advisor (the "Sub-Advisory Agreement"), acts as Sub-Adviser to manage the assets of each Fund according to its investment objective. The Sub-Adviser is responsible for managing the investment operations and composition of each Fund in accordance with its investment objective and strategies as stated in this Prospectus and the SAI, as from time to time in effect. The Sub-Adviser's address is 65 East 55th Street, 24th Floor, New York, NY 10022.

### **Portfolio Manager**

The Portfolio Manager currently responsible for the day-to-day management of each Fund's portfolio is Brent D. Reeder, a Vice President of the Sub-Adviser since 1993. During the past five years, Mr. Reeder has managed quantitative equity portfolios. The SAI contains additional information about the Portfolio Manager's compensation, other accounts managed by Mr. Reeder and his ownership of securities held in any of the Funds.

### **The Administrator, Custodian, and Transfer, Index Receipt and Dividend Disbursing Agent**

J.P. Morgan Investor Services Co. ("JPMISCO") serves as administrator of the Trust and each of the Funds. JPMISCO is located at 73 Tremont Street, Boston, MA 02108. Pursuant to the Mutual Fund Services Agreement with the Trust, JPMISCO provides administrative, regulatory, tax, financial reporting and fund accounting services for the maintenance and operation of the Trust and each Fund. In addition, JPMISCO makes office space, equipment, personnel and facilities available to provide such services.

JPMorgan Chase Bank, N.A. (“JPMCB”) serves as custodian, transfer agent, index receipt agent and dividend disbursing agent of the Trust and each of the Funds. JPMCB’s address is One Chase Manhattan Plaza, New York, NY 10005. Under the Custody Agreement with the Trust, JPMCB maintains cash, securities and other assets of the Trust and each Fund in separate accounts, keeps all required books and records and provides other necessary services. JPMCB is required, upon the order of the Trust, to deliver securities held by JPMCB and to make payments for securities purchased by each Fund. Pursuant to the Agency Services Agreement with the Trust, JPMCB acts as transfer agent and index receipt agent for each Fund’s authorized and issued shares of beneficial interest and as dividend disbursing agent of the Trust.

### **Distributor**

Foreside Fund Services, LLC is the principal underwriter and distributor of each Fund’s Shares. The Distributor will not distribute Shares in less than whole Creation Units, and it does not maintain a secondary market in the Shares. As noted in the section entitled “Shareholder Information—Buying and Selling Exchange-Traded Shares,” individual Shares are traded only in the secondary market and are not redeemable. The Distributor is a broker-dealer registered under the 1934 Act and a member of the Financial Industry Regulatory Authority (“FINRA”) (the successor organization to the National Association of Securities Dealers, Inc.).

### **Securities Lending Agent**

Each Fund may lend Portfolio Securities to certain creditworthy borrowers under certain conditions described in the SAI, and will receive collateral for each loaned security which is marked to market each trading day. Engaging in loans of its Portfolio Securities enables a Fund to receive a portion of the income generated by the lending of such securities and then investing in the collateral until the loan is terminated. Such loans may be terminated at any time by the Funds. Securities lending involves the risk of loss of rights in the collateral or delay in recovery of the collateral should the borrower fail to return the securities loaned or become insolvent. JPMCB, an affiliate of the Administrator, acts as Securities Lending Agent for each Fund subject to the supervision of the Advisor. For this service, JPMCB receives a fee to cover the custodial, administrative and related costs of securities lending.

### **Other Service Providers**

Foreside Compliance Services, LLC (“FCS”), an affiliate of the Distributor, provides an Anti-Money Laundering Officer and Chief Compliance Officer as well as certain additional compliance support functions to the Funds. Foreside Management Services, LLC (“FMS”), an affiliate of the Distributor, provides a Principal Financial

Officer to the Funds. The Distributor, FCS and FMS are not affiliated with the Advisor or with JP Morgan Chase & Co. or its affiliates.

## Shareholder Information

Additional shareholder information is available for free by calling the Distributor toll-free at (866) 453-5199 or by visiting the Funds' website: <http://www.focusshares.com>.

### Share Trading Prices

As with other types of securities, the trading prices of Shares of any Fund in the secondary market can be affected by market forces such as supply and demand, economic conditions and other factors. The price you pay or receive when you buy or sell your Shares in the secondary market may be more or less than the NAV of such Shares.

The approximate value of Shares of each Fund is disseminated every fifteen seconds throughout the trading day by the national securities exchange on which the Fund is listed or by other information providers. This approximate value should not be viewed as a "real-time" update of the NAV, because the approximate value may not be calculated in the same manner as the NAV, which is computed once per day. The approximate value generally is determined by using current market quotations and/or price quotations obtained from broker-dealers that may trade in the portfolio securities held by the Funds. The Funds are not involved in, or responsible for, the calculation or dissemination of the approximate value and make no warranty as to its accuracy.

### Determination of Net Asset Value

The NAV of each Fund's Shares is calculated each day the national securities exchanges are open for trading as of the close of regular trading on the New York Stock Exchange ("NYSE"), generally 4:00 p.m. New York time ("NAV Calculation Time"). NAV per Share is calculated by dividing a Fund's net assets by the number of Fund Shares outstanding. NAV per Share will not be calculated on the days on which the NYSE is closed for trading.

Stocks held by each Fund are valued at their market value when reliable market quotations are readily available. Certain short-term debt instruments which may be used to manage a Fund's cash are valued on the basis of amortized cost. Acquired Funds held by the Funds will be based upon their net asset values, calculated once daily as of the NAV Calculation Time.

When reliable market quotations are not readily available or do not otherwise accurately reflect the fair value of a security held by one or more Funds, such

security will be valued by another method that the Advisor believes will better reflect fair value in accordance with the Trust's valuation policies and procedures approved by the Board. A security's fair value price is the price a security's owner might reasonably expect to receive upon its sale. When fair-value pricing is employed, the prices of securities used by a Fund to calculate its NAV may differ from quoted or published prices for the same securities.

Each Fund may use fair value pricing in a variety of circumstances, including but not limited to, situations when the value of a security in a Fund's portfolio has been materially affected by events occurring after the close of the market on which the security is principally traded (such as a corporate action or other news that may materially affect the price of a security) or trading in a security has been suspended or halted. Fair-value pricing also may be used for securities if, for example, (1) trading in a security is halted and does not resume before the Fund's NAV Calculation Time or if a security does not trade in the course of a day, or (2) market quotations are not readily available for a security and the Fund holds enough of the security that its price could materially affect the Fund's NAV. Acquired Funds may also use fair value pricing under the circumstances, and with the possible effects, disclosed in the prospectuses for such funds.

Transactions in Fund Shares will be priced at NAV only if you purchase or redeem Shares directly from a Fund in Creation Units. Individual Fund Shares are purchased or sold on a national securities exchange at market prices, which may be higher or lower than NAV.

### **Buying and Selling Shares in Creation Units**

Shares of the Funds may be acquired or redeemed directly from a Fund by or through an Authorized Participant only in Creation Units or whole multiples thereof, as discussed below in the "Creations and Redemptions" section of this Prospectus. Once created, Shares of the Funds are expected to trade in the secondary market in amounts less than a Creation Unit.

### **Buying and Selling Individual Shares**

Shares of the Funds trade under the trading symbols listed for each Fund in the section describing such Fund. It is anticipated that the individual Shares of each of the Funds will be listed on NYSE Arca. Most investors will buy and sell individual Shares of the Funds in the secondary market through brokers. Individual Shares of the Funds trade on national securities exchanges and elsewhere during the trading day and can be bought and sold throughout the trading day like other shares of publicly-traded securities. If you buy or sell Shares in the secondary market, you will incur customary brokerage commissions and charges and may pay some or all of the spread between the bid and the offered price in the secondary market on each leg of a round trip (purchase and sale) transaction. It is anticipated that the individual Shares of the Funds will trade in the secondary market at prices that may differ to

varying degrees from the closing NAVs of the Shares. Given, however, that Shares can be created and redeemed daily in whole Creation Units, the Advisor believes that large discounts and premiums to NAV should not be sustained for very long.

The Shares can be held only in book-entry form; stock certificates will not be issued. The Depository Trust Corporation ("DTC") serves as securities depository for the Shares. DTC, or its nominee, is the record or registered owner of all outstanding Shares. Beneficial ownership of Shares will be shown on the records of DTC or its participants (described below). Beneficial owners of Shares are not entitled to have Shares registered in their names, will not receive or be entitled to receive physical delivery of certificates in definitive form and are not considered the registered holder thereof. Accordingly, to exercise any rights of a holder of Shares, each beneficial owner must rely on the procedures of: (i) DTC; (ii) "DTC Participants," *i.e.*, securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations, some of whom (and/or their representatives) own DTC; and (iii) "Indirect Participants," *i.e.*, brokers, dealers, banks and trust companies that clear through or maintain a custodial relationship with a DTC Participant, either directly or indirectly, through which such beneficial owner holds its interests. The Trust understands that under existing industry practice, in the event the Trust requests any action of holders of Shares, or a beneficial owner desires to take any action that DTC, as the record owner of all outstanding Shares, is entitled to take, DTC would authorize the DTC Participants to take such action and that the DTC Participants would authorize the Indirect Participants and beneficial owners acting through such DTC Participants to take such action and would otherwise act upon the instructions of beneficial owners owning through them. As described above, the Trust recognizes DTC or its nominee as the owner of all Shares for all purposes. For more information, see the section entitled "Book Entry Only System" in the Funds' SAI.

**Market Timing and Related Matters.** The Funds impose no restrictions on the frequency of purchases and redemptions of Shares in Creation Units. In determining not to approve a written, established policy limiting purchases and redemptions, the Board evaluated the nature of each of the Funds (*i.e.*, a fund whose shares are expected to trade intra-day on the secondary market). In particular, the Board considered that, unlike traditional mutual funds, the Funds directly issue and redeem their Shares in Creation Units at the NAV per Share generally in exchange for a basket of securities intended to replicate each Fund's Underlying Index, plus a small amount of cash, and individual Shares may be purchased and sold in the secondary market at prevailing market prices.

Given this structure, the Board determined that it is unlikely that (a) market timing would be attempted by a Fund's shareholders or (b) any attempts to market time the Funds by shareholders would result in negative impact to the Funds or their shareholders. However, creations and redemptions of Creation Units consisting of a significant amount of cash, although expected to be rare, could create the potential for market timing with its negative impact to the Funds and their shareholders.

## Creation and Redemption of Creation Units

The Trust issues and redeems Shares at NAV only in whole Creation Units, each of which consists of 50,000 Shares. The Funds generally issue and redeem Creation Units only in-kind in exchange for a portfolio of equity securities designated by the Advisor, along with a relatively small cash payment. Except when aggregated in Creation Units, the Shares are not redeemable securities of the Funds. See “Shareholder Information—Buying and Selling Exchange-Traded Shares” and “—Procedures for Creation of Creation Units.”

**Fund Deposits.** The consideration for creation of Creation Units of the Funds generally consists of the in-kind deposit of a portfolio of equity securities designated by the Advisor, generally constituting a replication of each Fund’s Underlying Index (“Deposit Securities”) and an amount of cash computed as described below (the “Cash Component” and, together with the Deposit Securities, the “Fund Deposit”). The list of the names and numbers of shares of the Deposit Securities is made available by the Administrator through the facilities of the National Securities Clearing Corporation (“NSCC”) immediately prior to the opening of business each day of the NYSE. The Cash Component represents the difference between the NAV of a Creation Unit and the market value of the Deposit Securities and may include a “Dividend Equivalent Payment” as described in the Funds’ SAI.

**Procedures for Creation of Creation Units.** To be eligible to place orders with the Distributor to create Creation Units of the Funds, an entity or person must be an Authorized Participant. An Authorized Participant must be either (1) a “Participating Party,” *i.e.*, a broker-dealer or other participant in the Clearing Process through the Continuous Net Settlement System of the NSCC; or (2) a DTC Participant; and, in either case, must have executed an agreement with the Trust and with the Distributor with respect to creations and redemptions of Creation Units outside the Clearing Process (“Participant Agreement”). All Creation Units of the Funds, however created, will be entered on the records of the Depository in the name of Cede & Co. for the account of a DTC Participant.

At any given time, there may be only a limited number of broker-dealers and others who have become Authorized Participants. Therefore, those investors placing orders to create Creation Units of the Funds through an Authorized Participant using the Clearing Process should afford sufficient time to permit proper submission of the order to the Distributor prior to the Closing Time on the date on which a creation (or redemption order, as discussed below) is placed (“Transmittal Date”).

Orders for Creation Units that are effected outside the Clearing Process are likely to require transmittal by an Authorized Participant earlier on the Transmittal Date than orders effected by an Authorized Participant using the Clearing Process. Those persons placing orders outside the Clearing Process should ascertain the deadlines applicable to DTC and the Federal Reserve Bank wire system by contacting the operations department of the broker or depository institution effectuating such transfer of Deposit Securities and Cash Component. Investors should refer to

“Creation and Redemption of Creation Units” in the Funds’ SAI for details regarding the procedures for placement of orders using, and outside, the Clearing Process.

**Acceptance of Creation Order.** The Trust reserves the absolute right to reject a creation order transmitted to it by the Distributor if, for any reason: (a) the order is not in proper form; (b) the creator or creators, upon obtaining the Shares ordered, would own 80% or more of the currently outstanding Shares of a Fund; (c) the Deposit Securities delivered are not as specified by the Administrator, as described above; (d) acceptance of the Deposit Securities would have certain adverse tax consequences to a Fund; (e) the acceptance of the Fund Deposit would, in the opinion of counsel, be unlawful; (f) the acceptance of the Fund Deposit would otherwise, in the discretion of the Trust or the Advisor, have an adverse effect on the Trust or the rights of beneficial owners; or (g) in the event that circumstances outside the control of the Trust, the Distributor and the Advisor make it for all practical purposes impossible to process creation orders. Examples of such circumstances include acts of God or public service or utility problems such as 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 Trust, the Advisor, the Sub-Advisor, the Distributor, DTC, NSCC or any other participant in the creation process, and similar extraordinary events. The Trust shall notify a prospective creator of its rejection of the order of such person. The Trust and the Distributor are under no duty, however, to give notification of any defects or irregularities in the delivery of Fund Deposits nor shall either of them incur any liability for the failure to give any such notification. The Trust shall notify a prospective creator of its rejection of the order of such person.

All questions as to the number of Shares of each security in the Deposit Securities and the validity, form, eligibility and acceptance for deposit of any securities to be delivered shall be determined by the Trust, and the Trust’s determination shall be final and binding.

**Creation Transaction Fee.** A fixed creation Transaction Fee of \$1,000, which is paid to the Funds (“Creation Transaction Fee”), is applicable to each transaction regardless of the number of Creation Units purchased in the transaction. An additional charge of up to four times the Creation Transaction Fee may be imposed with respect to transactions effected outside of the Clearing Process (through a DTC Participant) or to the extent that cash is used in lieu of securities to purchase Creation Units. See “Creation and Redemption of Creation Units” in the SAI. The price for each Creation Unit will equal the daily NAV per Share times the number of Shares in a Creation Unit plus the fees described above and, if applicable, any transfer taxes. Shares of the Funds may be issued in advance of receipt of all Deposit Securities subject to various conditions, including a requirement to maintain on deposit with the Funds cash at least equal to 115% of the market value of the

missing Deposit Securities. See “Creation and Redemption of Creation Units” in the Funds’ SAI.

**Redemption of Creation Units.** Shares may be redeemed only in whole Creation Units at their NAV next determined after receipt of a redemption request in proper form by the Distributor, only on a day on which the NYSE is open for trading and only by or through a Participating Party or DTC Participant who has executed a Participant Agreement. *The Trust will not redeem Shares in amounts less than whole Creation Units.* Beneficial owners also may sell Shares in the secondary market, but must accumulate enough Shares to constitute a Creation Unit in order to have such Shares redeemed by the Trust. There can be no assurance, however, that there will be sufficient liquidity in the public trading market at any time to permit assembly of a Creation Unit. Investors should expect to incur brokerage and other costs in connection with assembling a sufficient number of Shares to constitute a redeemable Creation Unit. The Administrator, through NSCC, makes available immediately prior to the opening of business on the NYSE (currently 9:30 a.m. Eastern time) on each day that the NYSE is open for business, the securities held by a Fund (“Fund Securities”) that will be applicable (subject to possible amendment or correction) to redemption requests received in proper form (as defined below) on that day. Fund Securities received on redemption may not be identical to Deposit Securities which are applicable to purchasers of Creation Units. Unless cash redemptions are available or specified for the Funds, the redemption proceeds for a Creation Unit generally consist of Fund Securities, plus cash in an amount equal to the difference between the NAV of the Shares being redeemed, as next determined after a receipt of a request in proper form, and the value of the Fund Securities, less the redemption Transaction Fee described below. The “Redemption Transaction Fee” of \$1,000 is deducted from such redemption proceeds. Should the Fund Securities have a value greater than the NAV of Shares being redeemed, a compensating cash payment to the Trust equal to the differential, plus the applicable Redemption Transaction Fee and, if applicable, any transfer taxes will be required to be arranged for by or on behalf of the redeeming shareholder. The basic redemption Transaction Fees are the same no matter how many Creation Units are being redeemed pursuant to any one redemption request. The Funds may adjust these Redemption Transaction Fees from time to time based upon actual experience. An additional charge up to four times the Redemption Transaction Fee may be charged with respect to redemptions outside of the Clearing Process. An additional variable charge for cash redemptions or partial cash redemptions (when cash redemptions are available) may also be imposed. Investors who use the services of an Authorized Participant or a broker or other such intermediary may be charged a fee for such services. Investors should refer to “Creation and Redemption of Creation Units” in the Funds’ SAI for details regarding the procedures for the placement of redemption orders using, and outside, the Clearing Process. Redemptions of Shares for Fund Securities will be subject to compliance with applicable U.S. federal and state securities laws, and the Funds (whether or not it otherwise permits cash

redemptions) reserves the right to redeem Creation Units for cash to the extent that the Funds could not lawfully deliver specific Fund Securities upon redemptions or could not do so without first registering the Fund Securities under such laws. The right of redemption may be suspended or the date of payment postponed (1) for any period during which NYSE Arca is closed (other than customary weekend and holiday closings); (2) for any period during which trading on NYSE Arca is suspended or restricted; (3) for any period during which an emergency exists as a result of which disposal of the Shares of the Funds or determination of its NAV is not reasonably practicable; or (4) in such other circumstance as is permitted by the SEC.

Investors interested in creating and/or redeeming Creation Units should refer to the more detailed information "Creation and Redemption of Creation Units" in the Funds' SAI.

## Distributions

**Net Investment Income and Capital Gains.** As a Fund shareholder, you are entitled to your share of the Fund's distributions of net investment income and net realized capital gains on its investments. The Funds pay out substantially all of their net earnings to their shareholders as "distributions."

The Funds typically earn income dividends from stocks and interest from debt securities. These amounts, net of expenses, are typically passed along to Fund shareholders as dividends from net investment income. The Funds realize capital gains or losses whenever they sell securities. Net capital gains are distributed to shareholders as "capital gain distributions."

Net investment income and net capital gains are typically distributed to shareholders at least annually. Dividends may be declared and paid more frequently to improve index tracking or to comply with the distribution requirements of the Code. In addition, the Funds may determine to distribute at least annually amounts representing the full dividend yield net of expenses on the underlying investment securities, as if the Funds owned the underlying investment securities for the entire dividend period in which case some portion of each distribution may result in a return of capital. You will be notified regarding the portion of the distribution which represents a return of capital.

Distributions in cash may be reinvested automatically in additional Shares of your Fund only if the broker through which you purchased Shares makes such option available.

## Federal Income Taxes

The following is a summary of the material U.S. federal income tax considerations applicable to an investment in Fund Shares. The summary is based on the laws in

effect on the date of this Prospectus and existing judicial and administrative interpretations thereof, all of which are subject to change, possibly with retroactive effect. In addition, this summary assumes that a Fund shareholder holds Fund Shares as capital assets within the meaning of the Code and does not hold Fund Shares in connection with a trade or business. This summary does not address all potential U.S. federal income tax considerations possibly applicable to an investment in Fund Shares, to Fund shareholders holding Fund Shares through a partnership (or other pass-through entity) or to Fund shareholders subject to special tax rules. Prospective Fund shareholders are urged to consult their own tax advisers with respect to the specific federal, state, local and foreign tax consequences of investing in Fund shares.

### **Tax Treatment of a Fund**

Each Fund intends to qualify and elect to be treated as a separate “regulated investment company” under the Code. To qualify and maintain its tax status as a regulated investment company, each Fund must meet annually certain income and asset diversification requirements and must distribute annually at least 90% of its “investment company taxable income” (which includes dividends, interest and net short-term capital gains).

As a regulated investment company, a Fund generally will not have to pay corporate-level federal income taxes on any ordinary income or capital gains that it distributes to its shareholders. If a Fund fails to qualify as a regulated investment company for any year, the Fund will be subject to regular corporate-level income tax in that year on all of its taxable income, regardless of whether the Fund makes any distributions to its shareholders. In addition, distributions will be taxable to a Fund’s shareholders generally as ordinary dividends to the extent of the Fund’s current and accumulated earnings and profits.

A Fund may be required to recognize taxable income in advance of receiving the related cash payment. For example, if a Fund invests in original issue discount obligations (such as zero coupon debt instruments or debt instruments with payment-in-kind interest), the Fund will be required to include in income each year a portion of the original issue discount that accrues over the term of the obligation, even if the related cash payment is not received by the Fund until a later year. As a result, the Fund may be required to make an annual income distribution greater than the total cash actually received during the year. Such distribution may be made from the cash assets of the Fund or by selling portfolio securities. The Fund may realize gains or losses from such sales, in which event its shareholders may receive a larger capital gain distribution than they would in the absence of such transactions.

A Fund will be subject to a 4% excise tax on certain undistributed income if the Fund does not distribute to its shareholders in each calendar year at least 98% of its ordinary income for the calendar year plus 98% of its capital gain net income for the

twelve months ended October 31 of such year. Each Fund intends to make distributions necessary to avoid the 4% excise tax.

### **Tax Treatment of Fund Shareholders**

**Fund Distributions.** In general, Fund distributions are subject to federal income tax when paid, regardless of whether they consist of cash or property or are re-invested in Fund Shares. However, any Fund distribution declared in October, November or December of any calendar year and payable to shareholders of record on a specified date during such month will be deemed to have been received by each Fund shareholder on December 31 of such calendar year, provided such dividend is actually paid during January of the following calendar year.

Distributions of a Fund's net investment income (except, as discussed below, qualifying dividend income) and net short-term capital gains are taxable as ordinary income to the extent of the Fund's current or accumulated earnings and profits. Distributions of a Fund's net long-term capital gains in excess of net short-term capital losses are taxable as long-term capital gain to the extent of the Fund's current or accumulated earnings and profits, regardless of a Fund shareholder's holding period in the Fund's Shares. Distributions of qualifying dividend income are taxable as long-term capital gain to the extent of the Fund's current or accumulated earnings and profits, provided that the Fund shareholder meets certain holding period and other requirements with respect to the distributing Fund's Shares and the distributing Fund meets certain holding period and other requirements with respect to its dividend-paying stocks.

Each Fund intends to distribute its long-term capital gains at least annually. However, by providing written notice to its shareholders no later than 60 days after its year-end, a Fund may elect to retain some or all of its long-term capital gains and designate the retained amount as a "deemed distribution." In that event, the Fund pays income tax on the retained long-term capital gain, and each Fund shareholder recognizes a proportionate share of the Fund's undistributed long-term capital gain. In addition, each Fund shareholder can claim a refundable tax credit for the shareholder's proportionate share of the Fund's income taxes paid on the undistributed long-term capital gain and increase the tax basis of the Fund Shares by an amount equal to 65% of the Fund shareholder's proportionate share of the Fund's undistributed long-term capital gains.

Long-term capital gains of non-corporate Fund shareholders (*i.e.*, individuals, trusts and estates) are taxed at a maximum rate of 15% for taxable years beginning on or before December 31, 2010. In addition, for those taxable years, Fund distributions of qualifying dividend income to non-corporate Fund shareholders qualify for taxation at long-term capital gain rates. Under current law, the taxation of qualifying dividend income at long-term capital gain rates will no longer apply for taxable years beginning after December 31, 2010.

Investors considering buying Fund Shares just prior to a distribution should be aware that, although the price of the Fund Shares purchased at such time may reflect the forthcoming distribution, such distribution nevertheless may be taxable (as opposed to a non-taxable return of capital).

**Sales of Fund Shares.** Any capital gain or loss realized upon a sale of Fund Shares is treated generally as a long-term gain or loss if the Fund Shares have been held for more than one year. Any capital gain or loss realized upon a sale of Fund Shares held for one year or less is generally treated as a short-term gain or loss, except that any capital loss on the sale of Fund Shares held for six months or less is treated as long-term capital loss to the extent that capital gain dividends were paid with respect to the Fund Shares.

**Creation Unit Issues and Redemptions.** On an issue of Fund Shares as part of a Creation Unit, an Authorized Participant recognizes capital gain or loss equal to the difference between (i) the fair market value (at issue) of the issued Fund Shares (plus any cash received by the authorized participant as part of the issue) and (ii) the Authorized Participant's aggregate basis in the exchanged securities (plus any cash paid by the authorized participant as part of the issue). On a redemption of Fund Shares as part of a Creation Unit, an authorized participant recognizes capital gain or loss equal to the difference between (i) the fair market value (at redemption) of the securities received (plus any cash received by the authorized participant as part of the redemption) and (ii) the authorized participant's basis in the redeemed Fund Shares (plus any cash paid by the authorized participant as part of the redemption). However, the Internal Revenue Service (the "IRS") may assert, under the "wash sale" rules or on the basis that there has been no significant change in the authorized participant's economic position, that any loss on an issue or redemption of Creation Units cannot be deducted currently.

In general, any capital gain or loss recognized upon the issue or redemption of Fund shares (as components of a Creation Unit) is treated either as long-term capital gain or loss, if the deposited securities (in the case of an issue) or the Fund shares (in the case of a redemption) have been held for more than one year, or otherwise as short-term capital gain or loss. However, any capital loss on a redemption of Fund Shares held for six months or less is treated as long-term capital loss to the extent that capital gain dividends were paid with respect to such Fund Shares.

**Back-Up Withholding.** A Fund may be required to report certain information on a Fund shareholder to the IRS and withhold federal income tax ("backup withholding") at a 28% rate from all taxable distributions and redemption proceeds payable to the Fund shareholder if the Fund shareholder fails to provide the Fund with a correct taxpayer identification number (or, in the case of a U.S. individual, a social security number) or a completed exemption certificate (e.g., an IRS Form W-8BEN in the case of a foreign Fund shareholder) or if the IRS notifies the Fund that the Fund shareholder is otherwise subject to backup withholding. Backup withholding is not

an additional tax and any amount withheld may be credited against a Fund shareholder's federal income tax liability.

**Special Issues for Foreign Shareholders.** If a Fund shareholder is not a U.S. citizen or resident or if a Fund shareholder is a foreign entity, the Fund's ordinary income dividends (including distributions of net short-term capital gains and other amounts that would not be subject to U.S. withholding tax if paid directly to foreign Fund shareholders) will be subject, in general, to withholding tax at a rate of 30% (or at a lower rate established under an applicable tax treaty). However, for Fund tax years beginning on or before December 31, 2007, interest-related dividends and short-term capital gain dividends generally will not be subject to withholding tax; provided that the foreign Fund shareholder furnishes the Fund with a completed IRS Form W-8BEN (or acceptable substitute documentation) establishing the Fund shareholder's status as foreign and that the Fund does not have actual knowledge or reason to know that the foreign Fund shareholder would be subject to withholding tax if the foreign Fund shareholder were to receive the related amounts directly rather than as dividends from the Fund.

To claim a credit or refund for any Fund-level taxes on any undistributed long-term capital gains (as discussed above) or any taxes collected through back-up withholding, a foreign Fund shareholder must obtain a U.S. taxpayer identification number and file a federal income tax return even if the foreign Fund shareholder would not otherwise be required to obtain a U.S. taxpayer identification number or file a U.S. income tax return.

## License Agreement

The Advisor has entered into a licensing agreement with ISE to use each of the Indexes described above. Each Fund is entitled to use its respective Underlying Index, without charge, pursuant to a sub-licensing arrangement with the Advisor.

Shares of the FocusShares Trust are not sponsored, endorsed, sold or promoted by the International Securities Exchange, LLC (ISE). ISE makes no representation or warranty, express or implied, to the owners of the shares of the FocusShares Trust or any member of the public regarding the advisability of trading in the product(s). ISE's only relationship to FocusShares, LLC ("Licensee") is the licensing of certain trademarks and trade names of ISE and of the ISE Homebuilders Index, ISE SINDEX, ISE-CCM Homeland Security Index and ISE-Revere Wal-Mart Supplier Index, which are determined, composed and calculated by ISE without regard to licensee or the FocusShares Trust. ISE has no obligation to take the needs of licensee or the owners of the shares of the FocusShares Trust into consideration in determining, composing or calculating the ISE Homebuilders Index, ISE SINDEX, ISE-CCM Homeland Security Index and ISE-Revere Wal-Mart Supplier Index. ISE is not responsible for and has not participated in the determination of the timing of, prices at, or quantities of the shares of the FocusShares Trust to be listed or in the determination or calculation of the equation by which the shares of the FocusShares

Trust are to be converted into cash. ISE has no obligation or liability in connection with the administration, marketing or trading of the shares of the FocusShares Trust.

ISE does not guarantee the accuracy and/or the completeness of the ISE Homebuilders Index, ISE SINDEX, ISE-CCM Homeland Security Index and ISE-Revere Wal-Mart Supplier Index or any data included therein and ISE shall have no liability for any errors, omissions, or interruptions therein. ISE makes no warranty, express or implied, as to results to be obtained by licensee, owners of the shares of the FocusShares Trust, or any other person or entity from the use of the ISE Homebuilders Index, ISE SINDEX, ISE-CCM Homeland Security Index and ISE-Revere Wal-Mart Supplier Index or any data included therein. ISE makes no express or implied warranties, and expressly disclaims all warranties, of merchantability or fitness for a particular purpose or use with respect to the ISE Homebuilders Index, ISE SINDEX, ISE-CCM Homeland Security Index and ISE-Revere Wal-Mart Supplier Index or any data included therein, without limiting any of the foregoing, in no event shall ISE have any liability for any lost profits or indirect, punitive, special or consequential damages (including lost profits), even if notified of the possibility of such damages. There are no third party beneficiaries of any agreements or arrangements between ISE and licensee.

### **Financial Highlights**

The Funds have not yet commenced operations as of the date of this Prospectus and therefore do not have a financial history.

# FocusShares Trust Privacy Policy

The following notice does not constitute part of the Prospectus, nor is it incorporated into the Prospectus.

FocusShares Trust is committed to respecting the privacy of personal information you entrust to us in the course of doing business with us.

The Trust may collect nonpublic personal information from various sources. The Trust uses such information provided by you or your representative to process transactions, to respond to inquiries from you, to deliver reports, products, and services, and to fulfill legal and regulatory requirements.

We do not disclose any nonpublic personal information about our customers to anyone unless permitted by law or approved by the customer. We may share this information within the Trust's family of companies in the course of providing services and products to best meet your investing needs. We may share information with certain third parties who are not affiliated with the Trust to perform marketing services, to process or service a transaction at your request or as permitted by law. For example, sharing information with companies that maintain or service customer accounts for the Trust is essential. We may also share information with companies that perform administrative or marketing services for the Trust, including research firms. When we enter into such a relationship, we restrict the companies' use of our customers' information and prohibit them from sharing it or using it for any purposes other than those for which they were hired.

We maintain physical, electronic, and procedural safeguards to protect your personal information. Within the Trust, we restrict access to personal information to those employees who require access to that information in order to provide products or services to our customers such as handling inquiries. Our employment policies restrict the use of customer information and require that it be held in strict confidence.

We will adhere to the policies and practices described in this notice for both current and former customers of the Trust.

## General Information

The Trust was organized as a Delaware statutory trust on July 10, 2007. Its Declaration of Trust currently permits the Trust to issue an unlimited number of Shares of beneficial interest. If shareholders are required to vote on any matters, each Share outstanding would be entitled to one vote. Annual meetings of shareholders will not be held except as required by the 1940 Act and other applicable law. See the Funds' SAI for more information concerning the Trust's form of organization. Section 12(d)(1) of the 1940 Act restricts investments by investment companies in the securities of other investment companies, including Shares of the Funds.

Katten Muchin Rosenman LLP serves as counsel to the Trust, including the Funds.

Grant Thornton LLP serves as the Funds' independent registered public accounting firm.

This Prospectus does not contain all the information included in the Registration Statement filed with the SEC with respect to the Funds' Shares. The SAI contains additional information about the Funds. Additional information about the Funds' investments is available in the Funds' annual and semi-annual reports to shareholders. In the Funds' annual report, you will find a discussion of the market conditions and investment strategies that significantly affected the Funds' performance during its last fiscal year.

Call Foreside Fund Services, LLC ("Distributor") toll-free at (866) 453-5199 to request, free of charge, the annual or semi-annual reports, the SAI, or other information about the Funds or to make shareholder inquiries. You may also obtain, free of charge, the SAI or the Funds' annual or semi-annual reports, when available, by visiting the Trust's website at: <http://www.focusshares.com>. Information about the Funds (including its SAI) can also be reviewed and copied at SEC's Public Reference Room in Washington, D.C. Information about the operation of the Public Reference Room may be obtained by calling (202) 551-8090. Reports and other information about the Trust and its Funds are available on the EDGAR Database on the SEC's internet site at <http://www.sec.gov>. In addition, copies of this information may be obtained, after paying a duplicating fee, by electronic request at the following email address: [publicinfo@sec.gov](mailto:publicinfo@sec.gov), or by writing the SEC's Public Reference Section, Washington, DC 20549-0102.

The SAI for these Funds, which has been filed with the SEC, provides more information about the Funds. The SAI for these Funds is incorporated herein by reference and is legally part of this Prospectus. It may be obtained without charge by writing to the Funds' Distributor at:

**Foreside Fund Services, LLC**  
**Two Portland Square, First Floor**  
**Portland, ME 04101**

or by contacting the Distributor at its website at <http://www.foresides.com> or by calling the Distributor toll-free at the following number: (866) 453-5199.

The Trust's registration number under the 1940 Act: 811-22128