



Nasdaq: BBC, BBP
www.bioshares.com

11/10/2015 – How has Biotechnology traded in 2015 relative to days with announced M&A transactions?

While M&A activity in the biotechnology sector has been robust, there was relatively little activity from mid-July through October 2015, as stock prices slumped following discussions of high valuations and high drug prices.

However, there is anecdotal evidence that strategic discussions are gearing up, including two significant transactions announced last week (Shire's \$6 billion acquisition of DYAX and AstraZeneca's \$3 billion acquisition of ZSPH), as well as speculation in published major media around deals by large pharma and biotech companies including Pfizer, Allergan, Gilead and Vertex.

To better understand how the overall Biotechnology sector trades during acquisition periods, we have analyzed how our BioShares ETFs have traded in and around the 9 announced acquisitions of component stocks in 2015 (looking at stock prices from the trading day before announcement through the trading day after announcement).

Key Findings

- For BBP, the fund returned +13.5% on "Deal Days", which represented 2/3 of the Year-to-Date (YTD) returns of +20.6%
- For BBC, the results are more striking with Deal Days representing +29.0% of cumulative returns, as opposed to +11.0% for YTD
- The BBP fund increased more on BBP Deal Days (+9.9%) than on BBC Deal Days (+3.3%)
- The BBC fund increased in similar magnitudes on both BBC Deal Days (+12.5%) and on BBP Deal Days (+14.8%)

The smaller average size of BBC components (approximately \$1 billion) compared to BBP components (\$17 billion) may be at least partially responsible for the larger clustering of returns on Deal Days, as smaller company stocks tend to move more on speculation of deal activity than larger companies, which can also be acquirors.

BioShares Acquisitions in 2015 (as of 11/9/2015)

Announcement Date	Fund	Target	BBC Price			Cum Deal			BBP Price			Cum Deal		
			T-1	T+1	% Change	Chg YTD	Days	% Chg	T-1	T+1	% Change	Chg YTD	Days	% Chg
<u>All Deals</u>														
12/31/2014			27.74						26.12					
1/12/2015 AM	BBP	NPSP	29.31	28.91	-1.4%	4.2%	-1.4%	27.67	27.58	-0.3%	5.6%	-0.3%		
3/4/2015 PM	BBP	PCYC	32.36	32.80	1.4%	18.2%	0.0%	30.78	30.76	-0.1%	17.8%	-0.4%		
3/30/2015 AM	BBP	HPTX	32.16	32.83	2.1%	18.4%	2.1%	30.99	31.04	0.1%	18.8%	-0.2%		
3/30/2015 AM	BBP	ASPX	32.16	32.83	2.1%	18.4%	4.2%	30.99	31.04	0.1%	18.8%	-0.1%		
5/6/2015 AM	BBP	GEVA	30.58	32.00	4.6%	15.4%	9.0%	30.10	30.67	1.9%	17.4%	1.8%		
6/17/2015 AM	BBP	KYTH	35.17	36.26	3.1%	30.7%	12.4%	33.92	35.50	4.7%	35.9%	6.5%		
7/14/2015 PM	BBP	RCPT	38.67	39.25	1.5%	41.5%	14.1%	36.62	37.25	1.7%	42.6%	8.4%		
11/2/2015 AM	BBP	DYAX	27.39	29.87	9.1%	7.7%	24.4%	30.67	32.28	5.3%	23.6%	14.1%		
11/6/2015 AM	BBP	ZSPH	29.70	30.80	3.7%	11.0%	29.0%	31.66	31.51	-0.5%	20.6%	13.5%		
<u>Only BBC Deals</u>														
12/31/2014			27.74					26.12						
3/30/2015 AM	BBP	ASPX	32.16	32.83	2.1%	18.4%	2.1%	30.99	31.04	0.1%	18.8%	0.1%		
5/6/2015 AM	BBP	GEVA	30.58	32.00	4.6%	15.4%	6.8%	30.10	30.67	1.9%	17.4%	2.0%		
7/14/2015 PM	BBP	RCPT	38.67	39.25	1.5%	41.5%	8.4%	36.62	37.25	1.7%	42.6%	3.8%		
11/6/2015 AM	BBP	ZSPH	29.70	30.80	3.7%	11.0%	12.5%	31.66	31.51	-0.5%	20.6%	3.3%		
<u>Only BBP Deals</u>														
12/31/2014			27.74					26.12						
1/12/2015 AM	BBP	NPSP	29.31	28.91	-1.4%	4.2%	-1.4%	27.67	27.58	-0.3%	5.6%	-0.3%		
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Performance data quoted represents past performance. Past performance is not a guarantee of future results; current performance may be higher or lower than performance quoted. Investment returns and principal value will fluctuate and Shares, when redeemed, may be worth more or less than their original cost. See www.bioshares.com for more information. Performance current to the most recent month-end is available by calling 1-888-383-4184.

Performance information for the Funds reflects current waivers of expenses and/or fees. Had the Funds incurred all expenses, investment returns would have been reduced. Fund returns assume that dividends and capital gains distributions have been reinvested in the Fund at NAV. Market returns are based upon the midpoint of the bid/ask spread at 4:00 p.m. eastern time (when NAV is normally determined for most ETFs), and do not represent the returns you would receive if you traded shares at other times.

Carefully consider the respective investment objectives, risk factors and charges and expenses of the BioShares™ Biotechnology Clinical Trials Fund and the BioShares™ Biotechnology Products Fund (the "Funds") before investing. This and other information can be found in the Funds' prospectus, available at www.bioshares.com or by calling 1-888-383-4184. Read the prospectus carefully before investing.

Investing involves risk, including possible loss of principal.

The principal risks of investing in each Fund include biotechnology sector, market, index tracking, concentration, non-diversification and new adviser and sub-adviser risks, as well as fluctuations in net asset value. Funds that concentrate investments in a single sector will be more susceptible to factors affecting that sector and more volatile than funds that invest in many different sectors. The biotechnology sector in particular presents many investment risks including, but not limited to, heavy spending in research and development, government regulation, clinical trial risk, intellectual property risk, technological change and obsolescence, competition, product liability litigation and reimbursement risk. Funds that employ a passive investment strategy maintain investments in securities regardless of the current or projected performance of a specific security or sector which could cause the Funds' returns to be lower than if the Funds employed an active strategy.

BioShares™ Biotechnology Clinical Trials Fund may be subject to greater sector risk than a more broad-based biotechnology fund because it focuses on a narrower category of the biotechnology sector consisting of issuers with a primary product offering or product candidate that is in a Phase 1, Phase 2 or Phase 3 clinical trial stage of development. BioShares™ Biotechnology Products Fund may be subject to greater sector risk than a more broad-based biotechnology fund because it focuses on a narrower category of the biotechnology sector consisting of issuers with a primary product offering or product candidate that has received U.S. Food and Drug Administration approval.

Each Fund is an exchange-traded fund ("ETF"). The "net asset value" (NAV) of each Fund is determined at the close of each business day, and represents the dollar value of one share of the Fund; it is calculated by taking the total assets of the Fund, subtracting total liabilities, and dividing by the total number of shares outstanding. The NAV of each Fund is not necessarily the same as each such Fund's intraday trading value. Fund investors should not expect to buy or sell shares at NAV because shares of ETFs such as the Funds are bought and sold at market price (not NAV) and are not individually redeemed from the Funds. Thus, shares may trade at a premium or discount to their NAV in the secondary market. Brokerage commissions will reduce returns.

Etfis Capital LLC serves as the investment adviser and LifeSci Index Partners, LLC serves as the sub-adviser to the Funds. The Funds are distributed by ETF Distributors LLC, an affiliate of Etfis Capital LLC. LifeSci Index Partners, LLC also serves as the index provider for the related indexes.