

# PDN

As of Dec. 31, 2009

## Fund Description

The PowerShares FTSE RAFI Developed Markets ex-U.S. Small-Mid Portfolio is based on the FTSE RAFI Developed Markets ex-U.S. Mid Small 1500 Index. The Fund will normally invest at least 90% of its total assets in securities that comprise the Index and American depository receipts based on the securities in the Index. The Index is designed to track the performance of small and mid-capitalization equities of companies domiciled in developed international markets (excluding the U.S.), selected based on the following four fundamental measures of firm size: book value, cash flow, sales and dividends. The equities with the highest fundamental strength are weighted according to their fundamental scores. The Fundamental Index<sup>®</sup> portfolio is rebalanced and reconstituted annually.

There are risks involved with investing in ETFs, including possible loss of money. Shares are not actively managed and are subject to risks similar to those of stocks, including those regarding short selling and margin maintenance requirements. Ordinary brokerage commissions apply. An investment in non-U.S. securities involves special risk beyond an investment in domestic equities.

## Fund Data<sup>3</sup>

|   |        |
|---|--------|
| FTSE RAFI Developed Markets ex-U.S. Small-Mid Portfolio | PDN    |
| Intraday NAV (IIV)                                      | PDN.IV |

## Underlying Index Data

|  |         |
|--|---------|
| FTSE RAFI Developed Markets ex-U.S. Mid Small 1500 | FRSDXUS |
| Index Provider                                     | FTSE    |

## 1-Year Alpha, Beta and Correlation<sup>1,3</sup>

Data shown are that of the underlying Index relative to each respective benchmark index.

|                     | Alpha | Beta | Correlation |
|---------------------|-------|------|-------------|
| MSCI EAFE Small Cap | 8.41  | 1.02 | 0.96        |
| MSCI EAFE           | 24.30 | 0.84 | 0.85        |
| S&P 500             | 44.52 | 0.39 | 0.21        |

## Fund Inception: Sept. 27, 2007

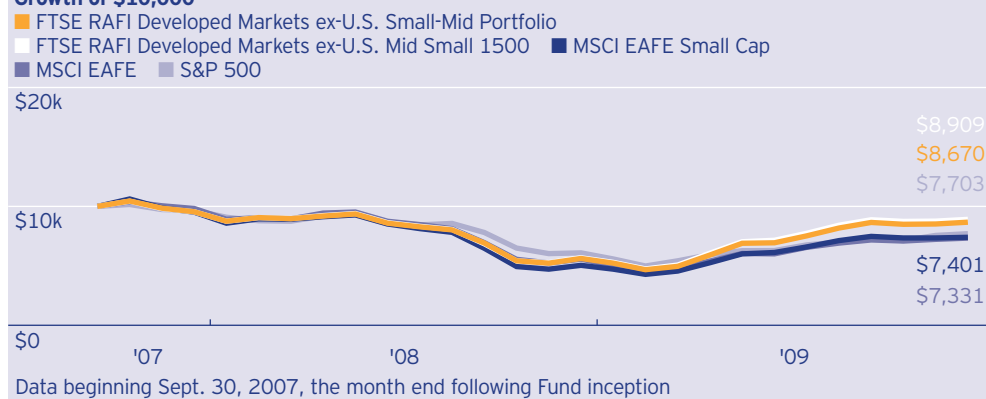
<sup>1</sup> Index returns do not represent Fund returns. An investor cannot invest directly in an index.

<sup>2</sup> Returns for the benchmark indexes are based on the closest month end to the Fund's inception date.

Neither the underlying Index nor the benchmark indexes charge management fees or brokerage expenses, and no such fees or expenses were deducted from the performance shown; nor do any of the indexes lend securities, and no revenues from

# PowerShares FTSE RAFI Developed Markets ex-U.S. Small-Mid Portfolio

## Growth of \$10,000<sup>1</sup>



## Fund Performance & Index History (%)<sup>1</sup>

|  | 1 Year | 3 Year | 5 Year | 10 Year | Fund Inception <sup>2</sup> |
|--|--------|--------|--------|---------|-----------------------------|
| <b>Underlying Index</b>                            |        |        |        |         |                             |
| FTSE RAFI Developed Markets ex-U.S. Mid Small 1500 | 57.03  | -      | -      | -       | -4.72                       |
| <b>Benchmark Indexes</b>                           |        |        |        |         |                             |
| MSCI EAFE Small Cap                                | 46.78  | -      | -      | -       | -12.52                      |
| MSCI EAFE  | 31.78  | -      | -      | -       | -12.89                      |
| S&P 500  | 26.47  | -      | -      | -       | -10.95                      |
| <b>Fund</b>  |        |        |        |         |                             |
| NAV  | 54.24  | -      | -      | -       | -5.87                       |
| After Tax Held                                     | 52.51  | -      | -      | -       | -6.61                       |
| After Tax Sold                                     | 35.19  | -      | -      | -       | -5.39                       |
| Market Price                                       | 51.88  | -      | -      | -       | -6.27                       |

Performance data quoted represents past performance. As stated in the Fund's prospectus, the expense ratio of 0.75% is expressed as a unitary fee to cover expenses incurred in connection with managing the portfolio. 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. The Shares' performance reflects fee waivers, absent which performance would have been lower. See [invescopowershares.com](http://invescopowershares.com) to find the most recent month-end performance numbers. After Tax Held represents total return after taxes on distributions and assumes Shares have not been sold. After Tax Sold represents total return after taxes on distributions and the sale of Fund Shares. Market returns are based on the midpoint of the bid/ask spread at 4 p.m. ET and do not represent the returns an investor would receive if shares were traded at other times.

## 1-Year Index Statistics<sup>1,3</sup>

|  | Performance (%) | Volatility (%) | Sharpe Ratio |
|--|-----------------|----------------|--------------|
| FTSE RAFI Developed Markets ex-U.S. Mid Small 1500 | 57.03           | 23.01          | 2.44         |
| MSCI EAFE Small Cap                                | 46.78           | 22.15          | 1.97         |
| MSCI EAFE  | 31.78           | 25.21          | 1.24         |
| S&P 500  | 26.47           | 27.17          | 0.96         |

securities lending were added to the performance shown. In addition, the results actual investors might have achieved would have differed from those shown because of differences in the timing, amounts of their investments, and fees and expenses associated with an investment in the Fund.

The MSCI EAFE<sup>®</sup> Small Cap Index, the MSCI EAFE<sup>®</sup> Index and the S&P 500<sup>®</sup> Index are unmanaged indexes considered representative of small-cap stocks of Europe, Australasia and the Far East;

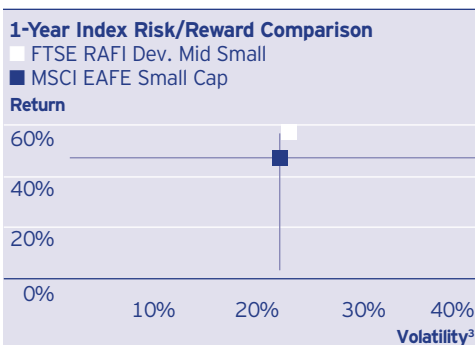
stocks of Europe, Australasia and the Far East; and the U.S. stock market, respectively.

**Shares are not FDIC insured, may lose value and have no bank guarantee.**

**Shares are not individually redeemable and owners of the Shares may acquire those Shares from the Fund and tender those Shares for redemption to the Fund in Creation Unit aggregations only, typically consisting of 50,000 Shares.**

As of Dec. 31, 2009

| Top 30 Fund Holdings (%) <sup>4</sup> |        |
|---------------------------------------|--------|
| Name                                  | Weight |
| ING Industrial Fund                   | 1.13   |
| Lundin Mining Corp.                   | 0.75   |
| Pacific Brands Ltd.                   | 0.74   |
| Trelleborg AB                         | 0.74   |
| Boart Longyear Ltd.                   | 0.56   |
| Macquarie CountryWide Trust           | 0.56   |
| Ferrovial S.A.                        | 0.45   |
| Oce N.V.                              | 0.43   |
| Eniro AB                              | 0.40   |
| JJB Sports PLC                        | 0.39   |
| Intermediate Capital Group PLC        | 0.38   |
| Atrium European Real Estate Ltd.      | 0.36   |
| Alumina Ltd.                          | 0.34   |
| SIG PLC                               | 0.33   |
| Centro Retail Group                   | 0.32   |
| Groupe Eurotunnel S.A.                | 0.32   |
| AWB Ltd.                              | 0.32   |
| Modern Times Group MTG AB             | 0.32   |
| Sherritt International Corp.          | 0.31   |
| Cookson Group PLC                     | 0.31   |
| Petroleum Geo-Services ASA            | 0.30   |
| Nyrstar S.A.                          | 0.30   |
| Debenhams PLC                         | 0.30   |
| Macquarie Office Trust                | 0.30   |
| Edion Corp.                           | 0.28   |
| CSR Ltd.                              | 0.26   |
| Methanex Corp.                        | 0.26   |
| Aareal Bank AG                        | 0.26   |
| Billerud AB                           | 0.25   |
| Independent News & Media PLC          | 0.25   |



**Fund Details<sup>3</sup>**

|                                   |           |
|-----------------------------------|-----------|
| Weighted Harmonic Average         |           |
| Stock Price-to-Earnings Ratio     | 20.72     |
| Weighted Harmonic Average         |           |
| Stock Price-to-Book-Value Ratio   | 1.06      |
| Weighted Average Return on Equity | 2.92      |
| Weighted Market Cap (mm)          | 1,920     |
| Approximate Number of Securities  | 1,389     |
| Expense Ratio                     | 0.75%     |
| CUSIP                             | 73936T771 |
| Listing Exchange                  | NYSE Arca |

**Fund Country Allocations (%)**

|                |       |
|----------------|-------|
| Japan          | 19.55 |
| United Kingdom | 13.23 |
| Australia      | 11.33 |
| Canada         | 8.86  |
| Hong Kong      | 4.53  |
| Germany        | 4.16  |
| Sweden         | 4.01  |
| Netherlands    | 3.76  |
| Switzerland    | 3.40  |
| France         | 3.12  |

**Annual Index Performance (%)**

|      | FTSE RAFI Dev. Mid Sm | MSCI EAFE Small | MSCI EAFE |
|------|-----------------------|-----------------|-----------|
| 2008 | -40.57                | -47.01          | -43.38    |
| 2009 | 57.03                 | 46.78           | 31.78     |

**Fund Market-Cap Allocations (%)**

|                  |       |
|------------------|-------|
| Large-Cap Growth | 2.86  |
| Large-Cap Value  | 0.87  |
| Mid-Cap Growth   | 24.87 |
| Mid-Cap Value    | 23.76 |
| Small-Cap Growth | 16.44 |
| Small-Cap Value  | 31.19 |

**Fund Sector Allocations (%)**

|                            |       |
|----------------------------|-------|
| Consumer Discretionary     | 18.78 |
| Consumer Staples           | 7.46  |
| Energy                     | 4.25  |
| Financials                 | 21.23 |
| Health Care                | 3.49  |
| Industrials                | 23.83 |
| Information Technology     | 7.12  |
| Materials                  | 11.98 |
| Telecommunication Services | 0.69  |
| Utilities                  | 1.16  |

## Leading the Intelligent ETF Revolution®

Underlying Index performance does not represent Fund performance.

<sup>3</sup> The Intraday NAV is a symbol representing estimated fair value based on the most recent intraday price of underlying assets.

Volatility is the annualized standard deviation of monthly index returns.

Beta is a measure of relative risk and the slope of regression.

Sharpe Ratio is a risk-adjusted measure calculated using standard deviation and excess return to determine reward per unit of risk. A higher Sharpe Ratio indicates better risk-adjusted performance.

Correlation indicates the degree to which two investments have historically moved in the same direction and magnitude.

Alpha is a measure of performance on a risk-adjusted basis.

Stock Price-to-Earnings Ratio is the share price divided by earnings per share. It is measured on a 12-month trailing basis.

Stock Price-to-Book-Value Ratio is the ratio of a stock's market price to a company's net asset value.

Weighted Harmonic Average is a method of calculating an average value that lessens the impact of large outliers and increases the impact of small ones.

Weighted Average Return on Equity is net income divided by net worth.

Weighted Market Capitalization is the sum of each underlying securities' market value.

<sup>4</sup> Please see the website for complete holdings information. Holdings are subject to change.

Shares are subject to risks including: Small and Medium-Sized Company Risk – investing in securities of small and medium-sized companies involves greater risk than is customarily associated with investing in more established companies.

An investment in the securities of non-U.S. issuers involves risks beyond those associated with investments in U.S. securities, including, but not limited to: greater market volatility, the availability of less reliable financial information, higher transactional and custody costs, taxation by foreign governments, decreased market liquidity, political instability, negative impact of change in currency exchange rates or foreign governmental regulation.

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**An investor should consider the Fund's investment objective, risks, charges and expenses carefully before investing. For this and more complete information about the Fund call 800 983 0903 or visit [www.invescopowershares.com](http://www.invescopowershares.com) for a prospectus. Please read the prospectus carefully before investing.**

Note: Not all products available through all firms.