

PGF

As of December 31, 2011

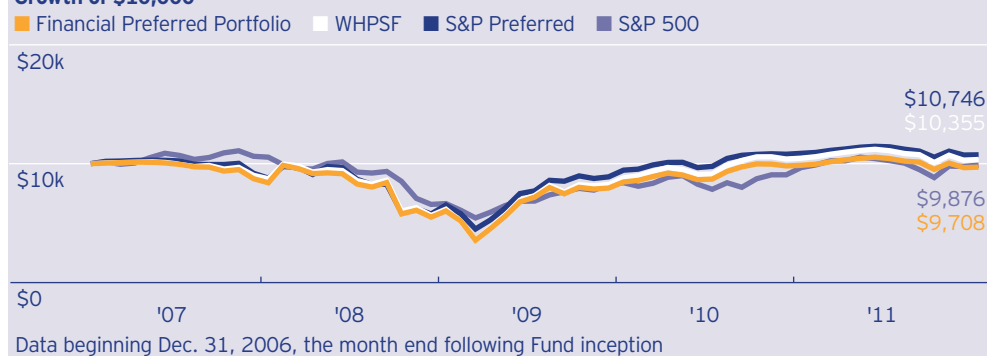
Fund Description

The PowerShares Financial Preferred Portfolio is based on the Wells Fargo® Hybrid and Preferred Securities Financial Index (WHPSF). The Fund will normally invest at least 90% of its total assets in preferred securities that comprise the Index. The Index tracks the performance of U.S.-listed securities issued by financial institutions. The Index is rebalanced monthly.

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. The Fund's return may not match the return of the Underlying Index.

PowerShares Financial Preferred Portfolio

Growth of \$10,000¹



Fund Performance & Index History (%)¹

| | 1 Year | 3 Year | 5 Year | 10 Year | Fund Inception ² |
|--------------------------|--------|--------|--------|---------|-----------------------------|
| Underlying Index | | | | | |
| WHPSF | -1.04 | 18.85 | 0.70 | - | 0.70 |
| Benchmark Indexes | | | | | |
| S&P Preferred | -1.16 | 18.13 | 1.45 | - | 1.57 |
| S&P 500 | 2.11 | 14.12 | -0.25 | 2.92 | 0.03 |
| Fund | | | | | |
| NAV | -1.60 | 17.22 | -0.60 | - | -0.58 |
| After Tax Held | -4.01 | 13.81 | -3.37 | - | -3.36 |
| After Tax Sold | -0.98 | 12.80 | -2.15 | - | -2.14 |
| Market Price | -1.62 | 16.45 | -0.72 | - | -0.76 |

Performance data quoted represents past performance. As stated in the Fund's prospectus, the total expense ratio and net expense ratio are 0.66%. 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 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. After-tax returns reflect the highest federal income tax rate but exclude state and local taxes. Market returns are based on the midpoint between the highest bid and the lowest offer, as of the time that the Fund's NAV is calculated, generally around 4 p.m. ET and do not represent the returns an investor would receive if shares were traded at other times.

5-Year Index Statistics^{1,3}

| | Performance (%) | Volatility (%) | Beta | Sharpe Ratio | Correlation |
|---------------|-----------------|----------------|------|--------------|-------------|
| WHPSF | 0.70 | 32.40 | - | -0.02 | - |
| S&P Preferred | 1.45 | 26.78 | 1.17 | 0.01 | 0.97 |
| S&P 500 | -0.25 | 18.88 | 1.00 | -0.08 | 0.59 |

Fund Inception: Dec. 1, 2006

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

² 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 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 S&P Preferred Index is an unmanaged index consisting of U.S.-listed preferred stocks. The S&P 500® Index is an unmanaged index considered representative of the U.S. stock market.

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.

Fund Data³

| | |
|-------------------------------|-----------|
| Financial Preferred Portfolio | PGF |
| Intraday NAV (IIV) | PGF.IV |
| CUSIP | 73935X229 |
| Listing Exchange | NYSE Arca |
| Net Expense Ratio | 0.66% |
| Options | Yes |
| Number of Holdings | 45 |
| 30-Day SEC Yield | 7.50% |
| Effective Duration | - |
| Modified Duration | 6.55 |

Underlying Index Data³

| | |
|---|-------|
| Wells Fargo Hybrid and Preferred Securities Financial | WHPSF |
| Effective Duration | - |
| Modified Duration | 6.88 |
| Average Yield to Worst | 6.15% |
| Number of Holdings | 49 |



PowerShares Financial Preferred Portfolio

As of December 31, 2011

| Top 10 Fund Holdings ⁴ Fund Name | Coupon | S&P/Moody's Rating | Weight (%) |
|--|--------|--------------------|------------|
| HSBC Holdings PLC Pfd | 8.000 | BBB+/A3 | 10.54 |
| Bank of America Preferred | 8.200 | BB+/Ba3 | 7.26 |
| HSBC Hldgs PLC (HSBC) | 8.125 | A-/NR | 5.89 |
| ING Groep NV | 8.500 | BB/Ba1 | 5.16 |
| JP Morgan Chase | 8.625 | BBB/Baa1 | 4.71 |
| Credit Suisse Guernsey | 7.900 | BBB+/A3 | 4.65 |
| Wells Fargo Co. | 8.000 | BBB+/Baa3 | 4.62 |
| MetLife Inc. | 6.500 | BBB-/Baa2 | 4.54 |
| Bank of America | 8.625 | BB+/Ba3 | 4.47 |
| ING Preferred Stock | 7.375 | BB/Ba1 | 3.37 |

| | Annual Index Performance (%) | |
|------|------------------------------|---------------|
| | WHPSF | S&P Preferred |
| 2007 | -12.69 | -12.17 |
| 2008 | -29.33 | -25.76 |
| 2009 | 42.75 | 45.01 |
| 2010 | 18.80 | 14.99 |
| 2011 | -3.47 | -3.01 |

| | Credit Ratings (%) ³ | |
|-----------|---------------------------------|---------|
| | S&P | Moody's |
| AAA/Aaa | - | - |
| AA/Aa | - | - |
| A/A | 7.89 | 17.17 |
| BBB/Baa | 55.00 | 41.32 |
| BB/Ba | 33.98 | 27.71 |
| B/B | - | 2.48 |
| Not Rated | 3.13 | 11.32 |

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Underlying Index performance does not represent Fund performance.

³ 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 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.

Credit ratings are assigned by Nationally Recognized Statistical Rating Organizations based on assessment of the credit worthiness of the underlying bond issuers. The ratings range from AAA (highest) to D (lowest) and are subject to change. Not rated indicates the debtor was not rated, and should not be interpreted as indicating low quality. For more information on rating methodologies, please visit the following NRSRO websites: standardandpoors.com and select "Understanding Ratings" under Rating Resources and moody.com and select "Rating Methodologies" under Research and Ratings.

Average Yield to Worst is the lowest of all yield to calls or the yield to maturity.

Effective Duration is a measure of a bond's sensitivity to interest rate changes that reflects the change in a bond's price given a change in yield. This duration measure is appropriate for bonds with embedded options.

Modified Duration is a measure of a bond's sensitivity to interest rate changes that reflects the change in a bond's price given a change in yield. This duration measure is appropriate for option-free bonds.

⁴ Please see the website for complete holdings information. Holdings are subject to change.

The Fund may contain securities in the financial sector. Companies engaged in this sector are subject to greater risks, and are more greatly impacted by market volatility, than more diversified investments.

Preferred securities may be less liquid than many other securities, and in certain circumstances, an issuer of preferred securities may redeem the securities prior to a specified date.

High-yield securities have additional risks, including interest-rate changes, decreased market liquidity and a larger amount of outstanding debt than investment-grade securities.

Investments focused in a particular industry are subject to greater risk, and are more greatly impacted by market volatility, than more diversified investments.

Investing in securities of small and medium-sized companies may involve greater risk than is customarily associated with investing in large companies.

The Fund is considered non-diversified and may be subject to greater risks than a diversified fund.

The Fund is not sponsored, issued or advised by Wells Fargo. Wells Fargo makes no representation or warranty, express or implied, to Fund investors or any member of the public regarding the performance of the Fund's Index or this Fund or the

ability of any data supplied by Wells Fargo to track the performance of the securities referenced by the Fund's Index. Wells Fargo's only relationship to the Adviser is the licensing of certain trademarks and trade names of Wells Fargo and of the data supplied by Wells Fargo that is determined, composed and calculated by Wells Fargo without regard to this Fund or its common shares. Wells Fargo has no obligation to take the needs of the Fund into consideration when determining, composing or calculating the data. Wells Fargo has no obligation or liability in connection with the administration, marketing or trading of this Fund

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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 invescopowershares.com for a prospectus. Please read the prospectus carefully before investing.

Note: Not all products available through all firms.