

PHO

As of Dec. 31, 2009

Fund Description

The PowerShares Water Resources Portfolio is based on the Palisades Water Index[™]. The Fund will normally invest at least 90% of its total assets in American depository receipts and common stocks that comprise the Index. The Index seeks to identify a group of companies that focuses on the provision of potable water, the treatment of water and the technology and services that are directly related to water consumption. The modified equal-weighted portfolio is rebalanced and reconstituted quarterly.

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. Concentrated industry investments involve greater risks than more diversified investments.

Fund Data³

Water Resources Portfolio	PHO
Intraday NAV (IIV)	PHO.IV
Options	Yes

Underlying Index Data

Palisades Water	ZWI
Index Provider	Hydrogen Ventures LLC

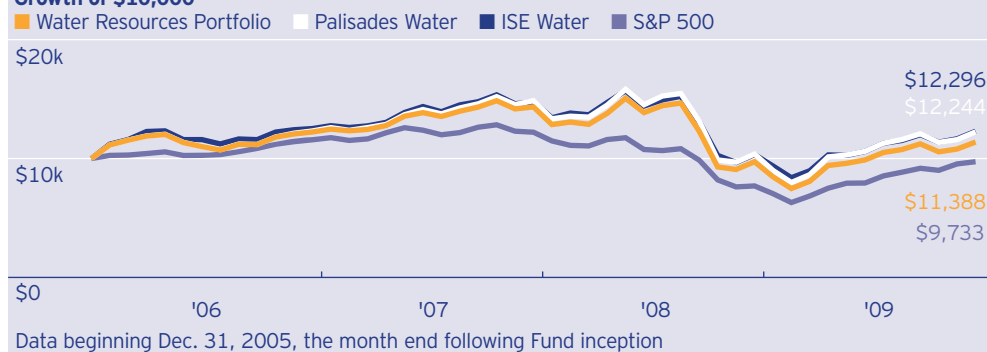
3-Year Alpha, Beta and Correlation^{1,3}

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

	Alpha	Beta	Correlation
ISE Water	1.16	1.10	0.98
S&P 500	9.12	1.22	0.79

PowerShares Water Resources Portfolio

Growth of \$10,000¹



Fund Performance & Index History (%)¹

	1 Year	3 Year	5 Year	10 Year	Fund Inception ²
Underlying Index					
Palisades Water	17.92	-0.20	-	-	4.90
Benchmark Indexes					
ISE Water	18.93	-0.61	-	-	5.34
S&P 500	26.47	-5.62	-	-	-0.65
Fund					
NAV	17.04	-2.36	-	-	3.07
After Tax Held	16.75	-2.54	-	-	2.83
After Tax Sold	11.07	-2.10	-	-	2.49
Market Price	17.54	-2.38	-	-	2.77

Performance data quoted represents past performance. As stated in the Fund's prospectus, the gross annual fund operating expense ratio is 0.64%. However, the Adviser has contractually agreed to waive fees and/or pay certain Fund expenses which resulted in a lower fee actually paid by investors. These waivers and reimbursement contracts are reviewed by the Board annually and extend through at least Aug. 30, 2010. 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 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 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.

3-Year Index Statistics^{1,3}

	Performance (%)	Volatility (%)	Sharpe Ratio
Palisades Water	-0.20	27.41	-0.08
ISE Water	-0.61	24.57	-0.10
S&P 500	-5.62	19.89	-0.38

Fund Inception: Dec. 6, 2005

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 ISE Water Index is an unmanaged index composed of stocks of companies involved in the water industry. 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.

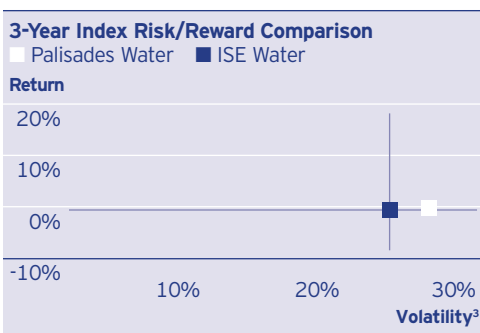
Shares are not individually redeemable and owners of the Shares may acquire those Shares from the Fund and tender those Shares for redemption to the Fund in Creation Unit aggregations only, typically consisting of 50,000 Shares.



PowerShares Water Resources Portfolio

As of Dec. 31, 2009

Top 30 Fund Holdings (%) ⁴	
Name	Weight
Tetra Tech Inc.	5.06
Veolia Environnement (ADS)	5.02
URS Corp.	4.95
AECOM Technology Corp.	4.92
Valmont Industries Inc.	4.89
Itron Inc.	4.52
Danaher Corp.	4.52
Ameron International Corp.	4.21
Roper Industries Inc.	4.11
Flowserve Corp.	4.09
Badger Meter Inc.	4.02
Lindsay Corp.	3.34
Insituform Technologies Inc. (CI A)	3.23
Layne Christensen Co.	3.16
Gorman-Rupp Co.	3.12
Nalco Holding Co.	3.11
Franklin Electric Co. Inc.	3.11
Calgon Carbon Corp.	3.10
Pentair Inc.	3.10
ITT Corp.	3.10
Pall Corp.	3.09
IDEX Corp.	3.07
Watts Water Technologies Inc. (CI A)	3.04
Mueller Water Products Inc.	3.03
Northwest Pipe Co.	1.68
Consolidated Water Co. Inc.	1.54
Companhia de Saneamento Basico do Estado de Sao Paulo (ADS)	1.49
American Water Works Co.	1.47
American States Water Co.	1.46
Aqua America Inc.	1.46



Fund Details³

Weighted Harmonic Average Stock Price-to-Earnings Ratio	19.02
Weighted Harmonic Average Stock Price-to-Book-Value Ratio	1.79
Weighted Average Return on Equity	5.64
Weighted Market Cap (mm)	4,071
Approximate Number of Securities	30
Expense Cap ⁵	0.60%
CUSIP	73935X575
Listing Exchange	NYSE Arca

Fund Industry Allocations (%)

Aerospace & Defense	3.10
Building Products	4.21
Chemicals	6.21
Commercial Services & Supplies	5.06
Construction & Engineering	17.93
Electrical Equipment	7.22
Electronic Equipment Instruments & Components	4.52
Machinery	39.30
Multi-Utilities	5.02
Water Utilities	7.42

Annual Index Performance (%)

	Palisades Water	ISE Water
2006	23.19	25.22
2007	20.67	17.96
2008	-30.16	-30.01
2009	17.92	18.93

Fund Market-Cap Allocations (%)

Large-Cap Growth	4.52
Large-Cap Value	5.02
Mid-Cap Growth	29.26
Mid-Cap Value	13.22
Small-Cap Growth	29.74
Small-Cap Value	18.25

Fund Sector Allocations (%)

Consumer Discretionary	-
Consumer Staples	-
Energy	-
Financials	-
Health Care	-
Industrials	76.82
Information Technology	4.52
Materials	6.21
Telecommunication Services	-
Utilities	12.45

Leading the Intelligent ETF Revolution[®]

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 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.

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

⁵ The weighted costs excluded from the expense cap include: legal fees pertaining to the Fund's shares offered for sale, SEC and state registration fees, initial fees paid to be listed on an exchange and sublicensing fees. The expense cap is not representative of the total expenses the investor may pay. Please refer to the prospectus for a complete fee schedule.

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.

The Fund is concentrated in a single industry, which involves substantially greater risk of loss and price fluctuations than an investment diversified across multiple industries or sector segments.

The Fund's use of a representative sampling approach will result in it holding a smaller number of securities than are in the Fund's underlying Index. As a result, an adverse development respecting an issuer of securities held by the Fund could result in a greater decline in NAV than would be the case if the Fund held all of the securities in the Fund's underlying Index. To the extent the assets in the Fund are smaller, these risks will be greater.

PowerShares[®] is a registered trademark of Invesco PowerShares Capital Management LLC. The Palisades Water Index[™] is a trademark of Hydrogen Ventures LLC and is licensed for use by Invesco PowerShares Capital Management LLC in connection with the PowerShares Water Resources

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

Note: Not all products available through all firms.