

# PJP

As of Dec. 31, 2009

## Fund Description

The PowerShares Dynamic Pharmaceuticals Portfolio is based on the Dynamic Pharmaceuticals Intellidex. The Fund will normally invest at least 90% of its total assets in common stocks that comprise the Index. The Intellidex thoroughly evaluates companies based on a variety of investment merit criteria, including fundamental growth, stock valuation, investment timeliness and risk factors. The Underlying Intellidex is comprised of stocks of 30 U.S. pharmaceuticals companies. These are companies that are principally engaged in the research, development, manufacture, sale or distribution of pharmaceuticals and drugs of all types.

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 Data<sup>3</sup>

Dynamic Pharmaceuticals Portfolio PJP  
Intraday NAV (IIV) PJP.IV

## Underlying Index Data

Dynamic Pharmaceuticals Intellidex DZR  
Index Provider NYSE Arca

## 3-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 |
|--------------------|-------|------|-------------|
| S&P SuperComposite |       |      |             |
| Pharmaceuticals    | 1.85  | 0.90 | 0.85        |
| S&P 500            | 5.87  | 0.66 | 0.59        |

## Fund Inception: June 23, 2005

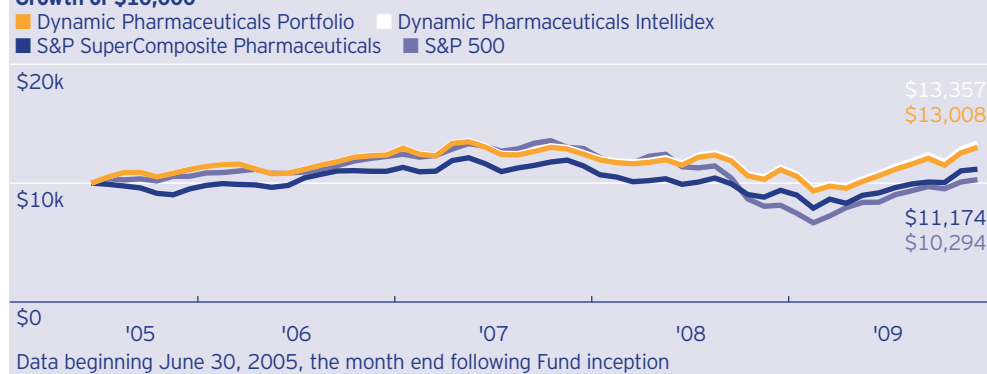
<sup>1</sup> Index returns do not represent Fund returns. An investor cannot invest directly in an index.

<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 Dynamic Pharmaceuticals 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>            |        |        |        |         |                             |
| Dynamic Pharmaceuticals Intellidex | 17.77  | 2.46   | -      | -       | 6.58                        |
| <b>Benchmark Indexes</b>           |        |        |        |         |                             |
| S&P SuperComposite                 |        |        |        |         |                             |
| Pharmaceuticals                    | 18.93  | 0.53   | -      | -       | 2.50                        |
| S&P 500                            | 26.47  | -5.62  | -      | -       | 0.65                        |
| <b>Fund</b>                        |        |        |        |         |                             |
| NAV                                | 16.91  | 1.71   | -      | -       | 5.94                        |
| After Tax Held                     | 16.29  | 1.39   | -      | -       | 5.66                        |
| After Tax Sold                     | 10.96  | 1.26   | -      | -       | 4.95                        |
| Market Price                       | 17.05  | 1.65   | -      | -       | 5.95                        |

Performance data quoted represents past performance. As stated in the Fund's prospectus, the gross annual fund operating expense ratio is 0.66%. 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](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. 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<sup>1,3</sup>

|                                    | Performance (%) | Volatility (%) | Sharpe Ratio |
|------------------------------------|-----------------|----------------|--------------|
| Dynamic Pharmaceuticals Intellidex | 2.46            | 17.13          | 0.03         |
| S&P SuperComposite Pharmaceuticals | 0.53            | 17.59          | -0.08        |
| S&P 500                            | -5.62           | 19.89          | -0.38        |

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 SuperComposite Pharmaceuticals Index consists of all pharmaceuticals stocks included in the S&P SuperComposite 1500 Index. 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.**

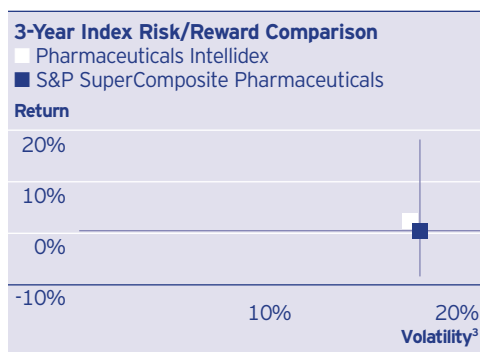
**Shares are not individually redeemable and owners of the Shares may acquire those Shares from the Fund and tender those Shares for redemption to the Fund in Creation Unit aggregations only, typically consisting of 50,000 Shares.**



# PowerShares Dynamic Pharmaceuticals Portfolio

As of Dec. 31, 2009

| Top 30 Fund Holdings (%) <sup>4</sup><br>Name | Weight |
|---|--------|
| Johnson & Johnson                             | 4.92   |
| Merck & Co Inc                                | 4.84   |
| Amgen Inc.                                    | 4.81   |
| Abbott Laboratories                           | 4.79   |
| Pfizer Inc.                                   | 4.79   |
| Bristol-Myers Squibb Co.                      | 4.78   |
| Eli Lilly & Co.                               | 4.65   |
| Gilead Sciences Inc.                          | 4.46   |
| Chattem Inc.                                  | 3.69   |
| Impax Laboratories Inc.                       | 3.14   |
| Prestige Brands Holdings Inc.                 | 3.02   |
| Medicis Pharmaceutical Corp.                  | 3.00   |
| Biogen Idec Inc.                              | 2.99   |
| Par Pharmaceutical Cos. Inc.                  | 2.97   |
| Cephalon Inc.                                 | 2.96   |
| Salix Pharmaceuticals Ltd.                    | 2.92   |
| Inspire Pharmaceuticals Inc.                  | 2.90   |
| Hospira Inc.                                  | 2.84   |
| Allergan Inc.                                 | 2.83   |
| Watson Pharmaceuticals Inc.                   | 2.81   |
| Baxter International Inc.                     | 2.80   |
| Forest Laboratories Inc.                      | 2.75   |
| King Pharmaceuticals Inc.                     | 2.69   |
| Mylan Inc.                                    | 2.68   |
| Celgene Corp.                                 | 2.65   |
| Perrigo Co.                                   | 2.57   |
| Valeant Pharmaceuticals International         | 2.54   |
| Genzyme Corp.                                 | 2.51   |
| Endo Pharmaceuticals Holdings Inc.            | 2.38   |
| Novavax Inc.                                  | 2.32   |



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

|                                   |           |
|-----------------------------------|-----------|
| Weighted Harmonic Average         |           |
| Stock Price-to-Earnings Ratio     | 17.58     |
| Weighted Harmonic Average         |           |
| Stock Price-to-Book-Value Ratio   | 2.85      |
| Weighted Average Return on Equity | 10.49     |
| Weighted Market Cap (mm)          | 38,423    |
| Approximate Number of Securities  | 30        |
| Expense Cap <sup>5</sup>          | 0.60%     |
| CUSIP                             | 73935X799 |
| Listing Exchange                  | NYSE Arca |

**Fund Sector Allocations (%)**

|                            |       |
|----------------------------|-------|
| Consumer Discretionary     | -     |
| Consumer Staples           | 6.71  |
| Energy                     | -     |
| Financials                 | -     |
| Health Care                | 93.29 |
| Industrials                | -     |
| Information Technology     | -     |
| Materials                  | -     |
| Telecommunication Services | -     |
| Utilities                  | -     |

**Annual Index Performance (%)**

|      | Pharma. Intellidex | S&P Pharma. |
|------|--------------------|-------------|
| 2006 | 10.95              | 15.59       |
| 2007 | 1.25               | 4.09        |
| 2008 | -9.81              | -17.92      |
| 2009 | 17.77              | 18.93       |

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

|                  |       |
|------------------|-------|
| Large-Cap Growth | 27.86 |
| Large-Cap Value  | 23.97 |
| Mid-Cap Growth   | 18.62 |
| Mid-Cap Value    | 5.59  |
| Small-Cap Growth | 20.94 |
| Small-Cap Value  | 3.02  |

**Fund Subindustry Allocations (%)**

|                       |       |
|-----------------------|-------|
| Biotechnology         | 22.71 |
| Health Care Equipment | 5.64  |
| Personal Products     | 6.71  |
| Pharmaceuticals       | 64.94 |

## Leading the Intelligent ETF Revolution<sup>®</sup>

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.

<sup>5</sup> 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.**

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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.