

**POWERSHARES EXCHANGE-TRADED FUND TRUST II**  
**SUPPLEMENT DATED DECEMBER 1, 2008 TO THE PROSPECTUS**  
**DATED JUNE 24, 2008 OF:**

PowerShares MENA Frontier Countries Portfolio (the “Fund”)

The fourth paragraph of the section titled “Management of the Fund” is hereby removed and replaced with the following:

John W. Southard, Jr., CFA, MBA, oversees all research, portfolio management and trading operations of the Funds. In this capacity, Mr. Southard oversees a team of portfolio managers (with Mr. Southard, the “Portfolio Managers”) who are responsible for the day-to-day management of each Fund. Peter Hubbard, who reports to Mr. Southard, is the member of the portfolio management team who is currently primarily responsible for each Fund’s day-to-day management. Mr. Hubbard receives management assistance from Joshua Betts, Brian McGreal and Travis Trampe, who perform various functions related to portfolio management, including investing cash flows, coordinating with other team members to focus on certain asset classes, implementing investment strategy and researching and reviewing investment strategy. Each member of the portfolio management team has appropriate limitations on his authority for risk management and compliance purposes.

The following paragraph is hereby added after the second paragraph of the section titled “Management of the Fund—Portfolio Managers”:

Joshua Betts is a Vice President and Portfolio Manager of the Adviser and has been one of the Portfolio Managers primarily responsible for the day-to-day management of the Fund since November 2008. Prior to joining the Adviser, Mr. Betts was a Regional Vice President at Claymore Securities, Inc., from 2007 to 2008. Prior to this, he was a Portfolio Consultant for the Adviser from 2006 to 2007. From 2005 to 2006, he was a mortgage broker for Advanced Mortgage Services. He received a Bachelor of Science from Oregon State University.

**POWERSHARES EXCHANGE-TRADED FUND TRUST II  
(the “Trust”)**

**Supplement Dated August 21, 2008 to the Prospectus  
Dated June 24, 2008 of:**

PowerShares MENA Frontier Countries Portfolio (the “Fund”)

Rudolf Reitmann has taken an operational role with the Trust and is no longer responsible for the day-to-day management of the Fund. Therefore, all references relating to Rudolf Reitmann are hereby removed.

Jason Stoneberg is no longer responsible for the day-to-day management of the Fund. Therefore, all references relating to Jason Stoneberg are hereby removed.

The fifth paragraph of the section titled “Management of the Fund” is hereby removed and replaced with the following:

John W. Southard, Jr., CFA, MBA, oversees all research, portfolio management and trading operations of the Fund. In this capacity, Mr. Southard oversees a team of portfolio managers (with Mr. Southard, the “Portfolio Managers”) who are responsible for the day-to-day management of the Fund. Peter Hubbard, who reports to Mr. Southard, is the member of the portfolio management team who is currently primarily responsible for the Fund’s day-to-day management. Mr. Hubbard receives management assistance from Brian McGreal and Travis Trampe, who perform various functions related to portfolio management, including investing cash flows, coordinating with other team members to focus on certain asset classes, implementing investment strategy and researching and reviewing investment strategy. Each member of the portfolio management team has appropriate limitations on his authority for risk management and compliance purposes.

The following paragraph is hereby added after the third paragraph of the section titled “Management of the Funds—Portfolio Managers”:

Brian McGreal is a Vice President and Portfolio Manager of the Adviser and has been one of the Portfolio Managers primarily responsible for the day-to-day management of the Fund since August 2008. Prior to joining the Adviser, Mr. McGreal was an analyst for Ritchie Capital Management from May 2005 to September 2007 and a trader with SAM Investments from February 1999 to April 2005.

**PLEASE RETAIN THIS SUPPLEMENT FOR FUTURE REFERENCE.**

# PowerShares Exchange-Traded Fund Trust II

powerSHARES™  
xchange traded funds™

PowerShares MENA Frontier Countries Portfolio – PMNA



PowerShares Exchange-Traded Fund Trust II (the “Trust”) is a registered investment company that currently consists of 31 separate exchange-traded index funds. Additional funds may be offered in the future. This Prospectus relates to the PowerShares MENA Frontier Countries Portfolio (the “Fund”).

The Fund’s shares (the “Shares”) have been approved for listing on The NASDAQ Stock Market (“NASDAQ” or the “Exchange”), subject to notice of issuance. The market prices for the Shares may be different from their net asset value (“NAV”). The Fund will issue and redeem Shares only in large blocks consisting of 100,000 Shares (“Creation Units”). Creation Units will be issued and will be redeemed principally for cash and partially in-kind for securities included in a specified index.

*Except when aggregated in Creation Units, the Shares are not redeemable securities of the Fund.*

The Securities and Exchange Commission (“SEC”) has not approved or disapproved these securities or passed upon the adequacy or accuracy of this Prospectus. Each representation to the contrary is a criminal offense.

Prospectus dated June 24, 2008

**NOT FEDERAL DEPOSIT INSURANCE  
CORPORATION (“FDIC”) INSURED. MAY LOSE VALUE.  
NO BANK GUARANTEE.**

## TABLE OF CONTENTS

---

4	Introduction – PowerShares Exchange-Traded Fund Trust II
4	Who Should Invest in the Fund
5	PowerShares MENA Frontier Countries Portfolio
21	Additional Investment Strategies
22	Additional Risks
23	Portfolio Holdings
23	Management of the Fund
26	How to Buy and Sell Shares
27	Frequent Purchases and Redemptions of Fund Shares
28	Creations, Redemptions and Transaction Fees
30	Dividends, Distributions and Taxes
36	Distributor
36	Net Asset Value
37	Fund Service Providers
38	Index Provider
38	Disclaimers
40	Other Information

---

## **INTRODUCTION – POWERSHARES EXCHANGE-TRADED FUND TRUST II**

The Trust is an investment company consisting of 31 separate exchange-traded “index funds.” The investment objective of each of the funds of the Trust is to replicate as closely as possible, before fees and expenses, the price and yield of a specified market index. This Prospectus relates to the PowerShares MENA Frontier Countries Portfolio. Invesco PowerShares Capital Management LLC (the “Adviser”) is the investment adviser for the Fund.

The Fund’s Shares have been approved for listing on the NASDAQ, subject to notice of issuance. The market prices for the Shares may be different from their NAV. Unlike conventional mutual funds, the Fund will issue and redeem Shares on a continuous basis, at NAV, only in large specified blocks, each called a “Creation Unit.” Creation Units will be issued and redeemed principally for cash and partially in-kind for securities included in the relevant index. Except when aggregated in Creation Units, Shares of the Fund are not redeemable securities of the Fund.

### **WHO SHOULD INVEST IN THE FUND**

The Fund is designed for investors who seek a relatively low-cost approach for investing in a portfolio of equity securities of companies in a specified index. The Fund may be suitable for long-term investment in the markets represented in the underlying index and may also be used as an asset allocation tool or as a speculative trading instrument.

Unlike interests in conventional mutual funds, the Shares will be traded throughout the day on a national securities exchange, whereas mutual fund interests are typically only bought and sold at closing NAVs. The Shares have been designed to be tradable in the secondary market on a national securities exchange on an intra-day basis, and to be created and redeemed, primarily for cash and partially in-kind, in Creation Units at each day’s next calculated NAV.

## Investment Objective, Strategies and Risks

---

### Investment Objective

The Fund seeks investment results that correspond (before fees and expenses) generally to the price and yield performance of the index called the NASDAQ OMX Middle East North Africa Index<sup>SM</sup> (the “Underlying Index”).

### Principal Investment Strategies

The Fund will normally invest at least 80% of its total assets in securities and American Depository Receipts (“ADRs”) and Global Depository Receipts (“GDRs”) based on the securities included in the Underlying Index. The Fund will normally invest at least 80% of its total assets in securities of companies that are domiciled in or principally traded in a Middle East or North African frontier country. Frontier countries are countries that have smaller economies or less developed capital markets than traditional emerging markets. Middle East and North African frontier countries currently include Lebanon, Egypt, Morocco, Oman, Jordan, Kuwait, Bahrain, Qatar, Saudi Arabia, Tunisia and the United Arab Emirates. However, the Fund will not invest in Saudi Arabia or Tunisia, unless securities of companies that are domiciled in those countries are included in the Underlying Index. The countries that comprise frontier countries may change from time to time, but the countries will continue to be domiciled in or principally traded in the Middle East or North Africa (“MENA”). The Underlying Index is calculated and maintained by The NASDAQ OMX Group, Inc. (“NASDAQ OMX” or the “Index Provider”). The Underlying Index is designed to measure the performance of the largest and most liquid securities of companies domiciled in a frontier country in the Middle East or North African region. As of June 5, 2008, the Underlying Index included the securities of approximately 67 companies with market capitalizations between \$243 million and \$10.4 billion. The Fund’s investment objective and 80% investment policy are non-fundamental and require 60 days’ prior written notice to shareholders before they can be changed.

The Underlying Index is reconstituted and rebalanced quarterly, and the Fund, using an “indexing” investment approach, attempts to replicate, before fees and expenses, the performance of the Underlying Index. The Adviser seeks correlation over time of 0.95 or better between the Fund’s performance and the performance of the Underlying Index; a figure of 1.00 would represent perfect correlation. The Fund generally will invest in the securities comprising the Underlying Index in proportion to their weightings in the Underlying Index. However, under various circumstances, it may not be possible or practicable to purchase all of those securities in those weightings. In those circumstances, the

---

Fund may purchase a sample of securities in the Underlying Index. There may also be instances in which the Adviser may choose to overweight another security in the Underlying Index, purchase securities not in the Underlying Index which the Adviser believes are appropriate to substitute for certain securities in the Underlying Index or utilize various combinations of other available investment techniques, in seeking to track the Underlying Index. The Fund may sell securities that are represented in the Underlying Index in anticipation of their removal from the Underlying Index or purchase securities not represented in the Underlying Index in anticipation of their addition to the Underlying Index.

### **Index Methodology**

The Underlying Index is designed to measure the performance of the largest and most liquid securities of companies domiciled in frontier countries in the Middle East or North Africa. Certain of the frontier countries in which the securities included in the Underlying Index are listed impose restrictions on foreign investments, including foreign ownership limitations. These restrictions may vary from issuer to issuer. At each quarterly rebalance and reconstitution, the Index Provider takes into account the then current foreign ownership limitations and locked-in stock (held by government agencies, founders and others).

### **Index Construction**

Companies included in the Underlying Index must be listed on a recognized exchange and have at least \$200 million in float-adjusted market capitalization and a minimum three-month average daily value traded of \$1 million prior to inclusion in the Underlying Index. Each company must be domiciled in a MENA frontier country.

MENA frontier countries currently include Egypt, Morocco, Oman, Lebanon, Jordan, Kuwait, Bahrain, Qatar, Saudi Arabia, Tunisia and United Arab Emirates. However, markets that have restrictive foreign investment restrictions or capital repatriation restrictions are excluded from the Underlying Index's eligible universe of MENA frontier countries. Currently, Saudi Arabia and Tunisia are excluded from the Underlying Index's eligible universe. The countries that comprise MENA frontier countries may change from time to time.

The Index Provider then sorts all securities in the universe in descending order of their float-adjusted market capitalization within each country and selects the ten largest securities by float-adjusted market capitalization in each country. The Underlying Index includes the most liquid securities available. Therefore, if

---

ADRs or GDRs are more liquid than the local shares in any MENA frontier country, they will be included in the Underlying Index in lieu of local shares. If fewer than ten securities are available from any country in the Underlying Index's eligible universe, less than ten securities may be included from that country in the Underlying Index. If a security is subject to foreign investment restrictions, it is considered for inclusion in the Underlying Index only if its foreign investment limit has not been met.

The Underlying Index will primarily weight stocks within the Underlying Index based on float-adjusted stock market capitalizations. Market capitalization may be modified to take into account strategic and government holdings, as well as foreign ownership levels.

The weight of any individual security will not exceed 10% of the weight of the Underlying Index.

The weight of securities of any single MENA frontier country will not exceed 20% of the weight of the Underlying Index. If the aggregate weight of securities of a single country exceeds 20%, the aggregate weight will be capped at 20% and the component securities within that country will be weighted proportionately across the remaining securities in the remaining countries in the eligible universe.

Further modifications of market capitalization are made so that, with respect to the bottom 55% of the weight of the Underlying Index, no single security represents more than 4.5% of the weight of that portion of the Underlying Index.

### **Index Reconstitution and Rebalance**

The Underlying Index is reconstituted and rebalanced on a quarterly basis to ensure that no single stock represents more than 10% and no single country represents 20% of the Underlying Index. No securities are added to the Underlying Index between rebalancing periods. Between rebalancing periods, a security may be deleted from the Underlying Index due to corporate events such as mergers, acquisitions, takeovers or delistings. In addition, any security that reaches its foreign investment limit in between quarterly rebalances will be removed from the Underlying Index. Securities will be reviewed quarterly to ensure appropriate float numbers and foreign investment restrictions are being applied.

---

The Underlying Index began operations on June 5, 2008. Valuation data regarding the Underlying Index is available via Bloomberg, L.P.

### **Principal Risks of Investing in the Fund**

The following specific risk factors have been identified for the Fund. See also the section on “Additional Risks” for other risk factors.

#### **Foreign Investment Risks**

Investments in the securities of non-U.S. issuers involve risks beyond those associated with investments in U.S. securities. These additional risks include greater market volatility, the availability of less reliable financial information, higher transactional costs, taxation by foreign governments, decreased market liquidity and political instability. As the Fund will invest in securities denominated in foreign currencies, changes in currency exchange rates may negatively impact the Fund’s returns. The values of the currencies of the countries in which the Fund may invest may be subject to a high degree of fluctuation due to changes in interest rates, the effects of monetary policies issued by the United States, foreign governments, central banks or supranational entities, the imposition of currency controls or other national or global political or economic developments. Therefore, the Fund’s exposure to foreign currencies may result in reduced returns to the Fund. Foreign issuers are often subject to less stringent requirements regarding accounting, auditing, financial reporting and record keeping than are U.S. securities, and therefore, not all material information regarding these issuers will be available. Securities exchanges or foreign governments may adopt rules or regulations that may negatively impact the Fund’s ability to invest in foreign securities or may prevent the Fund from repatriating its investments. The legal systems in certain frontier countries also may have an adverse impact on the Fund. For example, the potential liability of a shareholder in a U.S. corporation with respect to acts of the corporation generally is limited to the amount of the shareholder’s investment. However, the notion of limited liability is less clear in certain countries included in the Underlying Index. An investor therefore may be liable in certain countries for the acts of a corporation in which it invests for an amount greater than the investor’s actual investment in that corporation. Similarly, the rights of investors in certain issuers may be more limited than those of shareholders of a U.S. corporation. It may be difficult or impossible to obtain and/or enforce a judgment in certain countries. In addition, the Fund may not receive shareholder communications or

---

be permitted to vote the securities that it holds, as the issuers may be under no legal obligation to distribute them.

### **Risks of Investing In Frontier Securities**

Investment in securities in emerging market countries involves risks not associated with investments in securities in developed countries, including risks associated with expropriation and/or nationalization, political or social instability, armed conflict, the impact on the economy as a result of civil war, religious or ethnic unrest and the withdrawal or non-renewal of any license enabling the Fund to trade in securities of a particular country, confiscatory taxation, restrictions on transfers of assets, lack of uniform accounting, auditing and financial reporting standards, less publicly available financial and other information, diplomatic development which could affect U.S. investments in those countries and potential difficulties in enforcing contractual obligations. Emerging markets are subject to greater market volatility, lower trading volume, political and economic instability, uncertainty regarding the existence of trading markets and more governmental limitations on foreign investment than more developed markets. Investments in the securities of non-U.S. issuers are subject to the laws of the individual countries in which the securities are issued. Each country has different laws specific to that country which impact investment which may increase the risks to which investors, such as the Fund, are subject. Investors must comply with such laws at the risk of losses. In addition, securities in emerging markets may be subject to greater price fluctuations than securities in more developed markets. There may be less information publicly available with regard to emerging market issuers and such issuers are not subject to the uniform accounting, auditing and financial reporting standards applicable to U.S. issuers. There may be no single centralized securities exchange on which securities are traded in emerging market countries and the systems of corporate governance to which companies in emerging markets are subject may be less advanced than that to which U.S. issuers are subject, and therefore, shareholders in such companies may not receive many of the protections available to shareholders in U.S. issuers. Securities law in many emerging markets countries is relatively new and unsettled. Therefore, laws regarding foreign investment in emerging market securities, securities regulation, title to securities, and shareholder rights may change quickly and unpredictably. In addition, the enforcement of systems of taxation at federal, regional and local levels in emerging market countries may be inconsistent, and subject to sudden change.

---

Finally, country specific rules or legislation addressing investment-related foreign exchange transactions may inhibit or prevent certain transactions from transpiring in a particular country.

Frontier countries generally have smaller economies or less developed capital markets than traditional emerging markets, and, as a result, the risks of investing in emerging market countries are magnified in frontier countries. The economies of frontier countries are less correlated to global economic cycles than those of their more developed counterparts and their markets have low trading volumes and the potential for extreme price volatility and illiquidity. This volatility may be further heightened by the actions of a few major investors. For example, a substantial increase or decrease in cash flows of mutual funds investing in these markets could significantly affect local stock prices and, therefore, Fund Share prices. These factors make investing in frontier countries significantly riskier than in other countries and any one of them could cause the Fund's Share price to decline.

Moreover, the economies of frontier countries may be heavily dependent upon international trade and, accordingly, have been and may continue to be, adversely affected by trade barriers, exchange controls, managed adjustments in relative currency values and other protectionist measures imposed or negotiated by the countries with which they trade. These economies also have been and may continue to be adversely affected by economic conditions in the countries with which they trade.

Certain foreign governments in countries in which the Fund may invest levy withholding or other taxes on dividend and interest income. Although in some countries a portion of these taxes are recoverable, the non-recovered portion of foreign withholding taxes will reduce the income received from investments in such countries.

From time to time, certain of the companies in which the Fund expects to invest may operate in, or have dealings with, countries subject to sanctions or embargoes imposed by the U.S. government and the United Nations and/or countries identified by the U.S. government as state sponsors of terrorism. A company may suffer damage to its reputation if it is identified as a company which operates in, or has dealings with, countries subject to sanctions or embargoes imposed by the U.S. government and the United Nations and/or

---

countries identified by the U.S. government as state sponsors of terrorism. As an investor in such companies, the Fund will be indirectly subject to those risks.

Investment in equity securities of issuers operating in certain frontier countries is restricted or controlled to varying degrees. These restrictions or controls may at times limit or preclude foreign investment in equity securities of issuers operating in certain frontier countries and increase the costs and expenses of the Fund. Certain frontier countries require governmental approval prior to investments by foreign persons, limit the amount of investment by foreign persons in a particular issuer, limit the investment by foreign persons only to a specific class of securities of an issuer that may have less advantageous rights than the classes available for purchase by domiciliaries of the countries and/or impose additional taxes on foreign investors. Certain frontier countries may also restrict investment opportunities in issuers in industries deemed important to national interests.

Frontier countries may require governmental approval for the repatriation of investment income, capital or the proceeds of sales of securities by foreign investors, such as the Fund. In addition, if a deterioration occurs in a frontier country's balance of payments, the country could impose temporary restrictions on foreign capital remittances. The Fund could be adversely affected by delays in, or a refusal to grant, any required governmental approval for repatriation of capital, as well as by the application to the Fund of any restrictions on investments. Investing in local markets in frontier countries may require the Fund to adopt special procedures, seek local government approvals or take other actions, each of which may involve additional costs to the Fund.

### **Geographic Risk**

Funds that are less diversified across geographic regions, countries, industries or individual companies are generally riskier than more diversified funds. The economies and financial markets of certain regions – such as the Middle East and Africa – can be interdependent and may all decline at the same time.

### **Political Risk**

Governments of many frontier countries have exercised and continue to exercise substantial influence over many aspects of the private sector. In certain cases, the government owns or controls many companies. Accordingly, government actions in the future could have a significant effect on economic conditions in developing countries which could affect private sector companies and, consequently, the

---

value of certain securities held in the Fund's portfolio. In addition, there is the possibility in certain countries of expropriation of assets, confiscatory taxation, political or social instability or diplomatic developments which could adversely affect investments in those countries.

Certain of the MENA frontier countries may be subject to a greater degree of political and social instability than is the case in more developed countries. Such instability may result from, among other things, authoritarian governments or military involvement in political and economic decision-making, including changes in government through extra-constitutional means, popular unrest associated with demands for improved political, economic and social conditions, internal insurgencies, hostile relations with neighboring countries and ethnic, religious and racial disaffection. Some frontier countries may be affected by a greater degree of public corruption and crime, including organized crime.

#### **Licensing, Custody and Settlement Risk**

Approval of governmental authorities may be required prior to investing in the securities of companies based in certain MENA frontier countries. Delays in obtaining such an approval would delay investments in the particular country, and, as a consequence, the Fund may not be able to invest in all of the securities included in the Underlying Index while an approval is pending.

Rules adopted under the Investment Company Act of 1940, as amended (the "Act"), permit a fund to maintain its foreign securities and cash in the custody of certain eligible non-U.S. banks and securities depositories. Certain banks in foreign countries that are eligible foreign sub-custodians may be recently organized or otherwise lack extensive operating experience. In addition, in certain countries there may be legal restrictions or limitations on the ability of the Fund to recover assets held in custody by a foreign sub-custodian in the event of the bankruptcy of the sub-custodian. Settlement systems in emerging markets may be less well organized than in developed markets. Thus there may be a risk that settlement may be delayed and that cash or securities of the Fund may be in jeopardy because of failures of or defects in the systems. Under the laws certain countries in which the Fund invests, the Fund may be required to release local shares before receiving cash payment or may be required to make cash payment prior to receiving local shares.

---

Certain countries in which the Fund invests utilize share blocking schemes. Share blocking refers to a practice, in certain foreign markets, where voting rights related to an issuer's securities are predicated on these securities being blocked from trading at the custodian or sub-custodian level, for a period of time around a shareholder meeting. These restrictions have the effect of prohibiting securities to potentially be voted (or having been voted), from trading within a specified number of days before, and in certain instances, after the shareholder meeting.

Share blocking may prevent the Fund from buying or selling securities for a period of time. During the time that shares are blocked, trades in such securities will not settle. The specific practices may vary by market and the blocking period can last from a day to several weeks, typically terminating on a date established at the discretion of the issuer.

Once blocked, the only manner in which to remove this block would be to withdraw a previously cast vote, or to abstain from voting all together. The process for having a blocking restriction lifted can be quite onerous with the particular requirements varying widely by country. In addition, in certain countries, the block cannot be removed.

Share blocking may present operational challenges for the Fund and Authorized Participants, including the effect that an imposed block would have on pending trades. Pending trades may be caused to fail and could potentially remain unsettled for an extended period of time. Fails may also expose the transfer agent and the fund to "Buy In" situations in which if unable to deliver shares after a certain period of time, a counter party has the right to go to market, purchase a security at the current market price and have any additional expense borne by the fund or transfer agent.

As a result of the ramifications of voting ballots in share blocking proxy markets, the Adviser, on behalf of the Fund, reserves the right to abstain from voting proxies in share blocking proxy markets.

### **Market Risk**

The Shares are subject to market fluctuations caused by such factors as economic, political, regulatory or market developments, changes in interest rates and perceived trends in securities prices. Overall securities values could decline generally or could underperform other investments.

---

### **Market Trading Risk**

Risk is inherent in all investing. An investment in the Fund involves risks similar to those of investing in any fund of equity securities traded on an exchange. You should anticipate that the value of the Shares will decline, more or less, in correlation with any decline in value of the Underlying Index.

### **Investments in the Fund may be Less Tax-Efficient Than Investment in Other Exchange-Traded Funds**

Unlike most exchange-traded funds, the Fund currently intends to effect redemptions primarily for cash, rather than primarily in-kind redemptions. As such, investments in Shares may be less tax-efficient than investments in conventional exchange-traded funds. Exchange-traded funds generally are able to make in-kind redemptions and avoid being taxed on gain on the distributed portfolio securities at the fund level. Because the Fund currently intends to effect redemptions primarily for cash, rather than in-kind distributions, it may be required to sell portfolio securities in order to obtain the cash needed to distribute redemption proceeds. If the Fund recognizes gain on these sales, this generally will cause the Fund to recognize gain it might not otherwise have recognized, or to recognize such gain sooner than would otherwise be required if it were able to distribute portfolio securities in-kind. The Fund generally intends to distribute these gains to shareholders to avoid being taxed on this gain at the Fund level and otherwise comply with the special tax rules that apply to it. This strategy may cause shareholders to be subject to tax on gains they would not otherwise be subject to, or at an earlier date than, if they had made an investment in a different exchange-traded fund.

### **Non-Correlation Risk**

The Fund's return may not match the return of the Underlying Index for a number of reasons. For example, the Fund incurs operating expenses not applicable to the Underlying Index, and incurs costs in buying and selling securities, especially when rebalancing the Fund's securities holdings to reflect changes in the composition of the Underlying Index. In addition, the performance of the Fund and the Underlying Index may vary due to asset valuation differences and differences between the Fund's portfolio and the Underlying Index resulting from legal restrictions (such as diversification requirements that apply to the Fund but not to the Underlying Index).

---

Due to legal and regulatory rules and limitations imposed by certain countries and stock exchanges in which securities in the Underlying Index trade, including foreign ownership limitations and margin requirements, the Fund may not be able to invest in all securities included in the Underlying Index or may be delayed in purchasing or selling securities included in the Underlying Index. The Fund may exclude certain securities included in the Underlying Index that are traded in certain countries due to issues such as foreign investment and trading restrictions, cost or liquidity constraints. Since the Underlying Index is not subject to the diversification requirements to which the Fund must adhere, the Fund may be required to deviate its investments from the securities and relative weightings of the Underlying Index. The Fund may not invest in certain securities included in the Underlying Index due to liquidity constraints. Liquidity constraints may delay the Fund's purchase or sale of securities included in the Underlying Index. For tax efficiency purposes, the Fund may sell certain securities to realize losses, causing it to deviate from the Underlying Index.

The Fund may not be fully invested at times, either as a result of cash flows into the Fund or reserves of cash held by the Fund to meet redemptions and expenses. If the Fund utilizes a sampling approach or futures or other derivative positions, its return may not correlate as well with the return of Underlying Index as would be the case if it purchased all of the securities in the Underlying Index with the same weightings as the Underlying Index.

### **Currency Risk**

The Fund invests in equity securities of Middle East and African issuers and much of the income received by the Fund will be in foreign currencies. However, the Fund will compute and distribute its income in U.S. dollars, and the computation of income will be made on the date that the income is earned by the Fund at the foreign exchange rates in effect on that date. Therefore, if the value of the relevant foreign currencies fall relative to the U.S. dollar between the earning of the income and the time at which the Fund converts the foreign currencies to U.S. dollars, the Fund may be required to liquidate securities in order to make distributions if the Fund has insufficient cash in U.S. dollars to meet distribution requirements.

Furthermore, the Fund may incur costs in connection with conversions between U.S. dollars and foreign currencies. Foreign exchange dealers realize a profit based on the difference between the prices at which they are buying and selling various currencies. Thus, a dealer normally will offer to sell a foreign currency to

---

the Fund at one rate, while offering a lesser rate of exchange should the Fund desire immediately to resell that currency to the dealer. The Fund will conduct its foreign currency exchange transactions either on a spot (i.e., cash) basis at the spot rate prevailing in the foreign currency exchange market, or through entering into forward, futures or options contracts to purchase or sell foreign currencies.

### **Index Rebalancing Risk**

Pursuant to the methodology of the Index Provider used to calculate and maintain the Underlying Index, when a security in the Underlying Index reaches its limitation on foreign ownership, it will be removed from the Underlying Index that day. As a result, the Fund may be forced to sell securities at inopportune times or for prices other than at current market values or may elect not to sell such securities on the day that they are removed from the Underlying Index, due to market conditions or otherwise. Due to these factors, the variation between the Fund's annual return and the return of its Underlying Index may increase significantly.

### **Replication Management Risk**

Unlike many investment companies, the Fund is not "actively" managed. That is, the Fund does not utilize an investing strategy that seeks returns in excess of the Underlying Index. Therefore, it would not necessarily sell a security because the security's issuer was in financial trouble unless that security is removed from the Underlying Index.

### **Small and Medium Capitalization Risk**

Investing in securities of small and medium capitalization companies involves greater risk than is customarily associated with investing in larger, more established companies. These companies' securities may be more volatile and less liquid than those of larger, more established companies. These securities may have returns that vary, sometimes significantly, from the overall securities market. Often small and medium capitalization companies and the industries in which they are focused are still evolving and this may make them more sensitive to changing market conditions.

### **Micro-Capitalization Risks**

Investments in securities of micro-capitalization companies involve substantially greater risks of loss and price fluctuations because their earnings and revenues

---

tend to be less predictable (and some companies may be experiencing significant losses), and their share prices tend to be more volatile and their markets less liquid than companies with larger market capitalizations. Micro-capitalization companies may be newly formed or in the early stages of development, with limited product lines, markets or financial resources and may lack management depth. In addition, there may be less public information available about these companies. The shares of micro-capitalization companies tend to trade less frequently than those of larger, more established companies, which can adversely affect the pricing of these securities and the future ability to sell these securities. Also, it may take a long time before the Fund realizes a gain, if any, on an investment in a micro-capitalization company.

### **Non-Diversified Fund Risk**

The Fund is considered non-diversified and can invest a greater portion of its assets in securities of individual issuers than a diversified fund. As a result, changes in the market value of a single investment could cause greater fluctuations in share price than would occur in a diversified fund.

### **Industry Risk**

The economies of emerging and frontier country markets are less developed and can be overly reliant on particular industries. It is likely that a substantial number of stocks included in the Underlying Index for certain of the MENA frontier countries will be securities of banks and other financial institutions. To the extent that the Fund's investments are concentrated within any one industry or group of related industries, any factors detrimental to the performance of such industry will disproportionately impact the Fund's NAV. These detrimental factors may include additional governmental regulation, including the increased cost of compliance, inflation, an increase in the cost of raw materials, an increase in interest rates and technological advances. Investments focused in a particular industry are subject to greater risk, and are more greatly impacted by market volatility, than more diversified investments.

### **Participation Notes ("P-notes") and their Risks**

The Fund initially expects to invest up to 20% of its net assets in P-notes that seek to track the performance of Kuwaiti securities included in the Underlying Index.

---

P-notes generally are issued by banks or broker-dealers and are promissory notes that are designed to offer a return linked to the performance of a particular underlying equity security or market. The return on a P-note that is linked to a particular underlying security generally is increased to the extent of any dividends paid in connection with the underlying security. However, the holder of a P-note typically does not receive voting rights as it would if it directly owned the underlying security. P-notes constitute direct, general and unsecured contractual obligations of the banks or broker-dealers that issue them, which therefore subjects the Fund to counterparty risk, as discussed below.

Investments in P-notes involve certain risks in addition to those associated with a direct investment in the underlying foreign companies or foreign securities markets whose return they seek to replicate. For instance, there can be no assurance that there will be a trading market for a P-note or that the trading price of a P-note will equal the underlying value of the foreign company or foreign securities market that it seeks to replicate. As the purchaser of a P-note, the Fund is relying on the creditworthiness of the counterparty issuing the P-note and has no rights under a P-note against the issuer of the underlying security. Therefore, if such counterparty were to become insolvent, the Fund would lose its investment. The risk that the Fund may lose its investments due to the insolvency of a counterparty may be amplified because the Fund intends to purchase P-notes issued by as few as one issuer. In seeking to limit its counterparty risk, the Fund will limit its investment in P-notes of any one issuer to \$5 million at the time of purchase and to counterparties who meet the creditworthiness standard required of issuers whose securities are eligible for investment by money market funds. P-notes also include transaction costs in addition to those applicable to a direct investment in Kuwaiti securities. In addition, the Fund's use of P-notes may cause the Fund's performance to deviate from the performance of the portion of the Underlying Index to which the Fund is gaining exposure through the use of P-notes.

Due to liquidity and transfer restrictions, the secondary markets on which the P-notes are traded may be less liquid than the markets for other securities, or may be completely illiquid, which may lead to the absence of readily available market quotations for securities in the Fund's portfolio and which may also lead to delays in the redemption of Fund Shares. In addition, the ability of the Fund to value its securities becomes more difficult and the judgment in the application of fair value procedures (through fair value procedures adopted by the Trustees) may play a greater role in the valuation of the Fund's securities due to reduced availability of reliable objective pricing data. Consequently, while such determinations will be made in good faith, it may nevertheless be more difficult for the Fund to accurately assign a daily value to such securities.

---

The Fund will earmark or segregate assets in the form of cash and cash equivalents in an amount equal to the aggregate market value of the credit default swaps of which it is the seller, marked-to-market on a daily basis.

The Fund's Shares will change in value, and you could lose money by investing in the Fund. The Fund may not achieve its investment objective. An investment in the Fund is not a deposit with a bank and is not insured or guaranteed by the FDIC or any other government agency.

### How the Fund Has Performed

The Fund had not begun operations as of the date of this Prospectus, and therefore does not have a performance history for a full calendar year.

### What are the Costs of Investing?

This table describes the fees and expenses that you may pay if you buy and hold Fund Shares. Investors purchasing Shares in the secondary market will not pay Creation/Redemption Transaction Fees, but may be subject to costs (including customary brokerage commissions) charged by their broker.(1)

Shareholder Transaction Expenses (fees paid directly from your investments) .....	None
Annual Fund Operating Expenses(2) (expenses that are deducted from the Fund's assets)	
Management Fees .....	.095%
Other Expenses(3) .....	.00%
Total Annual Fund Operating Expenses .....	.095%(4)

(1) The Fund had not commenced operations as of the date of this Prospectus. The expenses listed in the table are estimates based on the expenses the Fund expects to incur for the fiscal year ending October 31, 2008.

(2) Expressed as a percentage of average net assets.

(3) The Trust's Investment Advisory Agreement provides that the Adviser will pay all expenses of the Fund, except for the fee payments under the Investment Advisory Agreement, distribution fees, if any, brokerage expenses, taxes, interest, litigation expenses and other extraordinary expenses.

(4) The Adviser has voluntarily agreed to waive 0.25% of its Advisory Fee for its investment advisory services to the Fund through April 30, 2009. The Adviser may discontinue such voluntary waiver at any time. After giving effect to such voluntary waiver, the Advisory Fee will be 0.70%.

### Example

This example is intended to help you compare the cost of investing in the Fund with the cost of investing in other funds. This example does not take into account brokerage commissions that you pay when purchasing or selling Shares of the Fund.

The example assumes that you invest \$10,000 in the Fund for the time periods indicated and then sell all of your Shares at the end of those periods. The example also assumes that your investment has a 5% return each year and that the Fund's gross operating expenses remain the same. Although your actual costs may be higher or lower, your costs, based on these assumptions, would be:

<b>1 YEAR</b>	<b>3 YEARS</b>
\$97	\$303

### **Creation Transaction Fees and Redemption Transaction Fees**

The Fund issues and redeems Shares at NAV only in large blocks of 100,000 Shares (each block of 100,000 Shares called a "Creation Unit") or multiples thereof ("Creation Unit Aggregations"). As a practical matter, only broker-dealers or large institutional investors with creation and redemption agreements and called authorized participants ("Authorized Participants," or "APs") can purchase or redeem these Creation Units. Purchasers of Creation Units at NAV must pay a standard Creation Transaction Fee consisting of a fixed fee equal to \$6,500 per transaction (regardless of the number of Creation Units involved) and a variable fee equal to 0.90% of the value of each Creation Unit. An AP who holds Creation Units and wishes to redeem at NAV would also pay a standard Redemption Transaction Fee consisting of a fixed fee equal to \$6,500 for each redemption transaction (regardless of the number of Creation Units involved) and a variable fee equal to 0.90% of the value of each Creation Unit.\* APs who hold Creation Units in inventory will also pay the Annual Fund Operating Expenses described in the table above. Assuming an investment in a Creation Unit of \$2,500,000 and a 5% return each year, and assuming that the Fund's operating expenses remain the same, the total costs would be \$83,142 if the Creation Unit is redeemed after one year, and \$136,523 if the Creation Unit is redeemed after three years.

If a Creation Unit is purchased or redeemed outside the usual process through the National Securities Clearing Corporation ("NSCC"), if any, or for cash, a variable fee of up to four times the standard Creation or Redemption Transaction Fee may be charged to the AP making the transaction. The Fund will charge a maximum fixed Creation/Redemption Transaction Fee of \$26,000 and a variable fee equal to 0.90% of the value of each Creation Unit.

The Creation Transaction Fee, Redemption Transaction Fee and variable fee are not expenses of the Fund and do not impact the Fund's expense ratio.

\* See "Creations, Redemptions and Transaction Fees" later in this Prospectus.

## **Additional Investment Strategies**

---

The Fund will normally invest at least 80% of its total assets in securities and ADRs and GDRs based on the securities in the Underlying Index. The Fund may invest its remaining assets in money market instruments, including repurchase agreements or other funds which invest exclusively in money market instruments (subject to applicable limitations under the 1940 Act, or exemptions therefrom), convertible securities, structured notes (notes on which the amount of principal repayment and interest payments are based on the movement of one or more specified factors, such as the movement of a particular security or securities index), and in swaps, options and futures contracts. Participation Notes, swaps, options and futures contracts (and convertible securities and structured notes) may be used by the Fund in seeking performance that corresponds to the Underlying Index and in managing cash flows. The Fund will not invest in forward currency contracts and money market instruments as part of a temporary defensive strategy to protect against potential securities market declines. The Adviser anticipates that it may take approximately three business days (i.e., each day the New York Stock Exchange (“NYSE”) is open) for additions and deletions to the Fund’s Underlying Index to be reflected in the portfolio composition of the Fund.

Each of the policies described herein, including the investment objective of the Fund, constitutes a non-fundamental policy that may be changed by the Board of Trustees without shareholder approval. Shareholders will be given 60 days’ prior written notice of any change in the Fund’s investment objective or the Fund’s 80% policy noted above. Certain fundamental policies of the Fund are set forth in the Fund’s Statement of Additional Information (“SAI”) under “Investment Restrictions.”

### **Borrowing Money**

The Fund may borrow money from a bank up to a limit of 10% of the value of its assets, but only for temporary or emergency purposes.

### **Securities Lending**

The Fund may lend its portfolio securities. In connection with such loans, the Fund receives liquid collateral equal to at least 102% of the value of the portfolio securities being lent. This collateral is marked to market on a daily basis.

## **Additional Risks**

---

### **Trading Issues**

Trading in Shares on the NASDAQ may be halted due to market conditions or for reasons that, in the view of the NASDAQ, make trading in Shares inadvisable. In addition, trading in Shares on the NASDAQ is subject to trading halts caused by extraordinary market volatility pursuant to the NASDAQ “circuit breaker” rules. There can be no assurance that the requirements of the NASDAQ necessary to maintain the listing of the Fund will continue to be met or will remain unchanged. Foreign exchanges may be open on days when Shares are not priced, and therefore, the value of the securities in the Fund’s portfolio may change on days when shareholders will not be able to purchase or sell Shares.

### **Fluctuation of Net Asset Value**

The NAV of the Fund’s Shares will generally fluctuate with changes in the market value of the Fund’s holdings. The market prices of the Shares will generally fluctuate in accordance with changes in NAV as well as the relative supply of and demand for the Shares on the NASDAQ. The Adviser cannot predict whether the Shares will trade below, at or above their NAV. Price differences may be due, in large part, to the fact that supply and demand forces at work in the secondary trading market for the Shares will be closely related to, but not identical to, the same forces influencing the prices of the securities of the Fund’s Underlying Index trading individually or in the aggregate at any point in time. However, given that the Shares can be purchased and redeemed in Creation Units (unlike shares of closed-end funds, which frequently trade at appreciable discounts from, and sometimes at premiums to, their NAV), the Adviser believes that large discounts or premiums to the NAV of the Shares should not be sustained.

### **Securities Lending**

Although the Fund will receive collateral in connection with all loans of its securities holdings, the Fund would be exposed to a risk of loss should a borrower default on its obligation to return the borrowed securities. In addition, the Fund will bear the risk of loss of any cash collateral that it invests.

### **Swap Agreements Risk**

The Fund may invest up to 20% of its net assets in swaps in seeking to track the performance of securities included in the Underlying Index.

---

Swap agreements are contracts between parties in which one party agrees to make periodic payments to the other party (the “Counterparty”) based on the change in market value or level of a specified rate, index or asset. In return, the Counterparty agrees to make periodic payments to the first party based on the return of a different specified rate, index or asset. Swap agreements will usually be done on a net basis, the Fund receiving or paying only the net amount of the two payments. The net amount of the excess, if any, of the Fund’s obligations over its entitlements with respect to each swap is accrued on a daily basis and an amount of cash or highly liquid securities having an aggregate value at least equal to the accrued excess is maintained in an account at the Trust’s custodian bank. The risk of loss with respect to swaps generally is limited to the net amount of payments that the Fund is contractually obligated to make. Swap agreements are also subject to the risk that the swap counterparty will default on its obligations. If such a default were to occur, the Fund will have contractual remedies pursuant to the agreements related to the transaction. However, such remedies may be subject to bankruptcy and insolvency laws which could affect the Fund’s rights as a creditor (e.g., the Fund may not receive the net amount of payments that it contractually is entitled to receive).

Due to the current credit crisis, there is an increased possibility that a counterparty may become bankrupt or otherwise fail to perform its obligations due to financial difficulties.

## **Portfolio Holdings**

---

A description of the Trust’s policies and procedures with respect to the disclosure of the Fund’s portfolio holdings is available in the Fund’s SAI.

## **Management of the Fund**

---

Invesco PowerShares Capital Management LLC is a registered investment adviser with its offices at 301 West Roosevelt Road, Wheaton, Illinois 60187. Invesco PowerShares Capital Management LLC serves as the investment adviser to the Trust, PowerShares India Exchange-Traded Fund Trust, PowerShares Actively Managed Exchange-Traded Fund Trust and PowerShares Exchange-Traded Fund Trust, a family of exchange-traded funds, with combined assets under management of more than \$14.4 billion as of May 31, 2008. The Trust is currently comprised of 31 exchange-traded funds.

Invesco PowerShares Capital Management LLC has overall responsibility as the Fund’s investment adviser for the selection and ongoing monitoring of the Fund’s

---

investments, managing the Fund's business affairs and providing certain clerical, bookkeeping and other administrative services.

The Adviser uses a team of portfolio managers, investment strategists and other investment specialists. This team approach brings together many disciplines and leverages the Adviser's resources.

John W. Southard Jr., CFA, MBA, oversees all research, portfolio management and trading operations of the Fund. In this capacity, Mr. Southard oversees a team of portfolio managers (with Mr. Southard, the "Portfolio Managers") who are responsible for the day-to-day management of the Fund. Peter Hubbard, who reports to Mr. Southard, is the member of the portfolio management team who is currently primarily responsible for the Fund's day-to-day management. Mr. Hubbard receives management assistance from Jason Stoneberg, Rudolf Reitmann and Travis Trampe, who perform various functions related to portfolio management, including investing cash flows, coordinating with other team members to focus on certain asset classes, implementing investment strategy and researching and reviewing investment strategy. Each member of the portfolio management team has appropriate limitations on his authority for risk management and compliance purposes.

### **Portfolio Managers**

John Southard is a Managing Director at the Adviser and has been with the Adviser since its inception in February 2003. Mr. Southard has managed the Fund since inception. Prior to his current position, he was a Senior Equity Analyst at Charles Schwab & Company from May 2001 to August 2002. Prior to this, Mr. Southard was a Vice President, Portfolio Manager and Equity Analyst at First Trust Portfolios LP (formerly, Nike Securities LP) from October 1992 to May 2001.

Peter Hubbard is a Vice President of Portfolio Management of the Adviser and has been one of the Portfolio Managers primarily responsible for the day-to-day management of the Fund since its inception. Mr. Hubbard was a Research Analyst for the Adviser from May 2005 to June 2007. Mr. Hubbard has been a Portfolio Manager of the Adviser since June 2007. Prior to joining the Adviser, Mr. Hubbard was employed by Ritchie Capital, a hedge fund operator, where he was a Research Analyst and Trader from September 2003 to May 2005, after receiving a bachelor of science degree in Business and Economics from Wheaton College.

---

Jason Stoneberg is a Portfolio Manager of the Adviser and has been one of the Portfolio Managers primarily responsible for the day-to-day management of the Fund since its inception. Mr. Stoneberg joined the Adviser as a research analyst in January 2006, after receiving a bachelor of science degree in Business and Economics from Wheaton College. Mr. Stoneberg has been a Portfolio Manager of the Adviser since June 2007.

Rudolf Reitmann is the Vice President of Operations Management of the Adviser and has been one of the Portfolio Managers primarily responsible for the day-to-day management of the Fund since inception. Mr. Reitmann has been the Vice President of Operations Management of the Adviser since October 2006. Prior to joining the Adviser, Mr. Reitmann worked as Assistant Vice President of ETF Services for The Bank of New York from July 1996 to September 2006.

Travis Trampe is a Portfolio Manager of the Adviser and has been one of the Portfolio Managers primarily responsible for the day-to-day management of the Fund since inception. Mr. Trampe has been an employee of the Adviser since June 2007. Prior to joining the Adviser, Mr. Trampe was an Analyst for Principal Global Investors from December 1994 to September 2006 and Research Analyst for Quantitative Services Group LLC from October 2006 to May 2007.

The Fund's SAI provides additional information about the Portfolio Managers' compensation structure, other accounts managed by the Portfolio Managers and the Portfolio Managers' ownership of securities in the Trust.

The Fund pays the Adviser a unitary management fee equal to 0.95% of its average daily net assets.

Out of the unitary management fee, the Adviser pays substantially all expenses of the Fund, including the cost of transfer agency, custody, fund administration, legal, audit and other services, except for the fee payments under the Investment Advisory Agreement, distribution fees, if any, brokerage expenses, taxes, interest, litigation expenses and other extraordinary expenses.

The Adviser's unitary management fee is designed to pay the Fund's expenses and to compensate the Adviser for providing services for the Fund.

A discussion regarding the Board of Trustees' basis for approving the Fund's Investment Advisory Agreement will be available in the Annual Report to Shareholders for the period ending October 30, 2008.

## How to Buy and Sell Shares

---

The Shares will be issued or redeemed by the Fund at NAV per Share only in Creation Unit Aggregations. See “Creations, Redemptions and Transaction Fees.”

Most investors will buy and sell Shares of the Fund in secondary market transactions through brokers. Shares of the Fund will be listed for trading on the secondary market on the NASDAQ. Shares can be bought and sold throughout the trading day like other publicly traded shares. There is no minimum investment. Although Shares are generally purchased and sold in “round lots” of 100 Shares, brokerage firms typically permit investors to purchase or sell Shares in smaller “oddlots” at no per-share price differential. When buying or selling Shares through a broker, you will incur customary brokerage commissions and charges, and you may pay some or all of the spread between the bid and the offered price in the secondary market on each leg of a round trip (purchase and sale) transaction. The Fund’s Shares have been approved for listing on the NASDAQ, subject to notice of issuance, under the symbol “PMNA”.

Share prices are reported in dollars and cents per Share.

Investors may acquire Shares directly from the Fund, and shareholders may tender their Shares for redemption directly to the Fund, only in Creation Unit Aggregations, as discussed in the “Creations, Redemptions and Transaction Fees” section below.

### **Book Entry**

Shares are held in book-entry form, which means that no stock certificates are issued. The Depository Trust Company (“DTC”) or its nominee is the record owner of all outstanding Shares of the Fund and is recognized as the owner of all Shares for all purposes.

Investors owning Shares are beneficial owners as shown on the records of DTC or its participants. DTC serves as the securities depository for all Shares. Participants in DTC include securities brokers and dealers, banks, trust companies, clearing corporations and other institutions that directly or indirectly maintain a custodial relationship with DTC. As a beneficial owner of Shares, you are not entitled to receive physical delivery of stock certificates or to have Shares registered in your name, and you are not considered a registered owner of Shares. Therefore, to exercise any right as an owner of Shares, you must rely upon the procedures of DTC and its participants. These procedures are the same as those that apply to any other stocks that you hold in book entry or “street name” form.

---

### **Fund Share Trading Prices**

The trading prices of Shares of the Fund on the NASDAQ may differ from the Fund's daily NAV and can be affected by market forces of supply and demand, economic conditions and other factors.

The NASDAQ or other market information provider intends to disseminate the approximate value of Shares of the Fund every fifteen seconds. This approximate value should not be viewed as a "real-time" update of the NAV per Share of the Fund because the approximate value may not be calculated in the same manner as the NAV, which is computed once a day, generally at the end of the business day. The Fund is not involved in, or responsible for, the calculation or dissemination of the approximate value and the Fund does not make any warranty as to its accuracy.

### **Frequent Purchases and Redemptions of Fund Shares**

---

The Board of Trustees has evaluated the risks of market timing activities by the Trust's shareholders. The Board noted that the Fund's Shares can only be purchased and redeemed directly from the Fund in Creation Units by Authorized Participants and that the vast majority of trading in the Fund's Shares occurs on the secondary market. Because the secondary market trades do not involve the Fund directly, it is unlikely that secondary market trading would cause many of the harmful effects of market timing, including dilution, disruption of portfolio management, increases in the Fund's trading costs and the realization of capital gains. With regard to the purchase or redemption of the Fund's Creation Units in exchange for primarily cash, the Board noted that it was possible that such trades could result in dilution to the Fund and increased transaction costs, which could negatively impact the Fund's ability to achieve its investment objective. However, the Board noted that direct trading by Authorized Participants is critical to ensuring that the Fund's Shares trade at or close to NAV. The Fund also employs fair valuation pricing to minimize potential dilution from market timing. In addition, the Fund imposes both fixed and variable transaction fees on purchases and redemptions of Creation Units to cover the custodial and other costs incurred by the Fund in effecting trades. Finally, the Adviser will monitor trades by Authorized Participants for patterns of or abusive trading and the Fund reserves the right to not accept orders from Authorized Participants that the Adviser has determined may be disruptive to the management of or otherwise not in the Fund's best interests.

## **Creations, Redemptions and Transaction Fees**

---

### **Creation Units**

Investors such as market makers, large investors and institutions who wish to deal in Creation Units directly with the Fund must have entered into an authorized participant agreement with the principal underwriter and the transfer agent, or purchase through a dealer that has entered into such an agreement. Set forth below is a brief description of the procedures applicable to the purchase and redemption of Creation Units. For more detailed information, see “Creation and Redemption of Creation Unit Aggregations” in the SAI.

### **Purchase**

In order to purchase Creation Units of the Fund, an investor must generally deposit combinations of securities and cash (collectively, the “Fund Deposit”). Due to various legal and operational constraints in certain frontier MENA countries, a significant percentage of the Fund Deposit will be in cash (the “Cash Component”). The in-kind component will consist of securities which generally constitute a substantial replication, or a representation, of a portion of the securities included in the Fund’s Underlying Index that are not subject to such legal and operational constraints (the “Deposit Securities”). The list of the names and the numbers of shares of the Deposit Securities is made available by the Fund’s custodian through the facilities of the NSCC immediately prior to the opening of business each day of the New York Stock Exchange (“NYSE”). The Cash Component represents the difference between the NAV of a Creation Unit and the market value of the Deposit Securities.

Orders must be placed in proper form by or through either (i) a “Participating Party,” i.e., a broker-dealer or other participant in the Clearing Process of the Continuous Net Settlement System of the NSCC (the “Clearing Process”) or (ii) a participant of DTC (“DTC Participant”) that has entered into an agreement with the principal underwriter and the transfer agent, with respect to purchases and redemptions of Creation Units. All orders must be placed for one or more whole Creation Units of Shares of the Fund and must be received by the principal underwriter in proper form no later than the close of regular trading on the NYSE (ordinarily 4:00 p.m., Eastern time) (“Closing Time”) in order to receive that day’s closing NAV per Share. In the case of custom orders, as further described in the SAI, the order must be received by the principal underwriter no later than 3:00 p.m., Eastern time. A custom order may be placed by an Authorized Participant in the event that the Trust permits or requires the substitution of an amount of cash to be added to the Cash Component to replace any Deposit Security which may not be available in sufficient quantity for delivery or which may not be eligible for trading by such Authorized Participant

---

or the investor for which it is acting or any other relevant reason. See “Creation and Redemption of Creation Unit Aggregations” in the SAI.

A fixed Creation Transaction Fee equal to \$6,500 (regardless of the number of Creation Units purchased in the transaction) and a variable Creation Transaction Fee equal to 0.90% of the value of each Creation Unit is applicable to each transaction.

An additional charge of up to four times the fixed portion of the Creation Transaction Fee may be imposed with respect to transactions effected outside of the Clearing Process (through a DTC Participant), if any, or to the extent that cash is used in lieu of securities to purchase Creation Units. See “Creation and Redemption of Creation Unit Aggregations” in the SAI. The price for each Creation Unit will equal the daily NAV per Share times the number of Shares in a Creation Unit plus the fees described above and, if applicable, any transfer taxes.

Shares of the Fund may be issued in advance of receipt of all Deposit Securities subject to various conditions, including a requirement to maintain on deposit with the Fund cash at least equal to 115% of the market value of the missing Deposit Securities. See “Creation and Redemption of Creation Unit Aggregations” in the SAI.

### **Legal Restrictions on Transactions in Certain Securities**

An investor subject to a legal restriction with respect to a particular security required to be deposited in connection with the purchase of a Creation Unit may, at the Fund’s discretion, be permitted to deposit an equivalent amount of cash in substitution for any security which would otherwise be included in the Deposit Securities applicable to the purchase of a Creation Unit. For more details, see “Creation and Redemption of Creation Unit Aggregations” in the SAI.

### **Redemption**

The Fund’s custodian makes available immediately prior to the opening of business each day on the NYSE, through the facilities of the NSCC, the list of the names and the numbers of shares of the Fund’s portfolio securities and the amount of cash that will be applicable that day to redemption requests in proper form (“Fund Securities”). The Fund anticipates that a significant percentage of the Fund Securities will consist primarily of cash. Fund Securities received on redemption may not be identical to the Fund Deposits which are applicable to purchases of Creation Units. Unless all cash redemptions are available or specified for the Fund, the redemption proceeds consist of the Fund Securities,

---

plus cash in an amount equal to the difference between the NAV of the Shares being redeemed, as next determined after receipt by the transfer agent of a redemption request in proper form, and the value of the Fund Securities (the “Cash Redemption Amount”), less the applicable fixed and variable redemption fees and, if applicable, any transfer taxes. Should the Fund Securities have a value greater than the NAV of Shares being redeemed, a compensating cash payment to the Trust equal to the differential, plus the applicable fixed and variable redemption fees and, if applicable, any transfer taxes will be required to be arranged for by or on behalf of the redeeming shareholder. For more details, see “Creation and Redemption of Creation Unit Aggregations” in the SAI.

An order to redeem Creation Units of the Fund may only be effected by or through an Authorized Participant. An order to redeem must be placed for one or more whole Creation Units and must be received by the transfer agent in proper form no later than the close of regular trading on the NYSE (ordinarily 4:00 p.m., Eastern time) in order to receive that day’s closing NAV per Share. In the case of custom orders, as further described in the SAI, the order must be received by the transfer agent no later than 3:00 p.m., Eastern time.

A fixed Redemption Transaction Fee equal to \$6,500 (regardless of the number of Creation Units redeemed in the transaction) and a variable Redemption Transaction Fee equal to 0.90% of the value of each Creation Unit is applicable to each transaction.

An additional charge of up to four times the fixed portion of the Redemption Transaction Fee may be charged to approximate additional expenses incurred by the Trust with respect to redemptions effected outside of the Clearing Process, if any, or to the extent that redemptions are for cash. The Fund reserves the right to effect redemptions in cash. A shareholder may request a cash redemption in lieu of securities, however, the Fund may, in its discretion, reject any such request. See “Creation and Redemption of Creation Unit Aggregations” in the SAI.

## **Dividends, Distributions and Taxes**

---

Ordinarily, dividends from net investment income, if any, are declared and paid annually. The Fund distributes its net realized capital gains, if any, to shareholders annually.

---

Distributions in cash may be reinvested automatically in additional whole Shares only if the broker through whom you purchased Shares makes such option available.

## **Taxes**

As with any investment, you should consider how your investment in Shares will be taxed. The tax information in this Prospectus is provided as general information. You should consult your own tax professional about the tax consequences of an investment in Shares.

Unless your investment in Shares is made through a tax-exempt entity or tax-deferred retirement account, such as an IRA plan, you need to be aware of the possible tax consequences when:

- The Fund makes distributions,
- You sell your Shares listed on the NASDAQ, and
- You purchase or redeem Creation Units.

## **Taxes on Distributions**

Ordinarily, dividends from net investment income, if any, are declared and paid annually. The Fund may also pay a special distribution at the end of the calendar year to comply with federal tax requirements. In general, your distributions are subject to federal income tax when they are paid, whether you take them in cash or reinvest them in the Fund. Dividends paid out of the Fund's income and net short-term gains, if any, are taxable as ordinary income. Distributions of net long-term capital gains, if any, in excess of net short-term capital losses are taxable as long-term capital gains, regardless of how long you have held the Shares.

Long-term capital gains of non-corporate taxpayers are generally taxed at a maximum rate of 15% for taxable years beginning before January 1, 2011. In addition, for these taxable years, some ordinary dividends declared and paid by the Fund to non-corporate shareholders may qualify for taxation at the lower reduced tax rates applicable to long-term capital gains, provided that holding period and other requirements are met by the Fund and the shareholder. Without future congressional action, the maximum rate of long-term capital gains will return to 20% in 2011, and all dividends will be taxed at ordinary income rates.

Distributions in excess of the Fund's current and accumulated earnings and profits are treated as a tax-free return of capital to the extent of your basis in the

---

Shares, and as capital gain thereafter. A distribution will reduce the Fund's NAV per Share and may be taxable to you as ordinary income or capital gain even though, from an investment standpoint, the distribution may constitute a return of capital.

By law, the Fund must withhold a percentage of your distributions and proceeds if you have not provided a taxpayer identification number or social security number.

### **Taxes on Exchange-Listed Share Sales**

Currently, any capital gain or loss realized upon a sale of Shares is generally treated as long-term capital gain or loss if the Shares have been held for more than one year and as short-term capital gain or loss if the Shares have been held for one year or less. The ability to deduct capital losses may be limited.

### **Taxes on Purchase and Redemption of Creation Units**

An AP who exchanges equity securities for Creation Units generally will recognize a gain or a loss. The gain or loss will be equal to the difference between the market value of the Creation Units at the time and the exchanger's aggregate basis in the securities surrendered and the Cash Component paid. A person who exchanges Creation Units for equity securities will generally recognize a gain or loss equal to the difference between the exchanger's basis in the Creation Units and the aggregate market value of the securities received and the Cash Redemption Amount. The Internal Revenue Service, however, may assert that a loss realized upon an exchange of securities for Creation Units cannot be deducted currently under the rules governing "wash sales," or on the basis that there has been no significant change in economic position. Persons exchanging securities should consult their own tax advisor with respect to whether wash sale rules apply and when a loss might be deductible.

Under current federal tax laws, any capital gain or loss realized upon redemption of Creation Units is generally treated as long-term capital gain or loss if the Shares have been held for more than one year and as a short-term capital gain or loss if the Shares have been held for one year or less.

If you purchase or redeem Creation Units, you will be sent a confirmation statement showing how many Shares you purchased or sold and at what price.

---

## **Foreign Income Taxes**

The Fund may elect to pass its credits for foreign income taxes through to its shareholders for a taxable year if more than 50% of its assets at the close of the year, by value, consists of stock and securities of foreign corporations. If the Fund makes this election, each shareholder will be treated as having paid a proportionate share of the Fund's foreign income taxes, but the shareholder must include an equal amount in gross income. See the SAI section "Taxes."

The foregoing discussion summarizes some of the possible consequences under current federal tax law of an investment in the Fund. It is not a substitute for personal tax advice. You may also be subject to state and local tax on Fund distributions and sales of Fund Shares. Consult your personal tax advisor about the potential tax consequences of an investment in Fund Shares under all applicable tax laws. For more information, please see the SAI section "Taxes."

With respect to the Fund's investments in Lebanon, taxation is regulated under Income Taxes Law No.144 dated 12 June 1959 ("the Tax Law"). A budget law passed in 2000 (law no. 173 dated 14 February 2000) modified the Tax Law by reducing withholding taxes on dividends. Under the modified Tax Law, dividends from listed Lebanese securities are taxable at a rate of 5%. To the extent that the Fund does not have a permanent establishment in Lebanon or the shares acquired by the Fund are not attached to a local entity, any capital gains derived by the Fund on the sale of shares of a joint stock company listed on the Lebanese stock exchange are not subject to tax in Lebanon. Otherwise, if the shares were part of the financial assets of a permanent establishment or local entity to which these shares are attached to, then the disposal of these shares would be subject to 10% tax. Interest earned by the Fund from debentures issued by joint stock companies in Lebanon is subject to 5% withholding tax, and interest earned on loans, secured debts and bank commitments is taxed at 10%.

With regard to the Fund's investments in the United Arab Emirates whilst there are Emirate level income tax decrees which potentially levy taxes on activities in the respective Emirates, these income tax decrees are generally not enforced (with the exception of certain industries), and accordingly no United Arab Emirates tax liability should arise in respect to the Fund's investment activities. There are no withholding taxes in the United Arab Emirates and therefore interest or dividends payable to the Fund from the United Arab Emirates should not attract such taxes. The United Arab Emirates expects to introduce a value added tax early in 2009 although details with respect to this new tax are not yet

---

publicly available and therefore it is not possible to comment further on how this might impact the Fund's investment activities.

With respect to the Fund's investments in Kuwait, under the existing Kuwait Income Tax Law No. 3 of 1955, if a foreign company owns shares in a Kuwaiti company, then it is considered to be carrying on trade or business in Kuwait and therefore subject to Kuwaiti taxes on its share of profits in the Kuwaiti company and capital gains arising there from. The applicable tax rate is 5% to 55%, depending on taxable profit. However, in practice, this law has not been applied by Kuwaiti tax authorities with regard to foreign corporations that own shares of companies listed on the Kuwait Stock Exchange. However, this non-application may be due to administrative difficulties and also due to the fact that foreign corporate investors do not exercise any significant influence in the operations of the Kuwaiti companies. In addition, the Kuwaiti tax authorities are not necessarily consistent in their tax practices and interpretations of existing law.

On February 3, 2008, legislation amending the aforementioned Kuwait income tax law was published. These amendments have yet to take effect. Under the amended law, profits derived from trading in securities listed on the Kuwait stock exchange are exempt from tax, however, taxable profits derived by a foreign company from its ownership in shares of a listed Kuwaiti company could be subject to a tax of 15%. The amended law does not definitively state whether dividends and interest from listed Kuwaiti securities would fall under the definition of "taxable profits", and thus, be subject to tax in Kuwait of 15%. In practice, to date, the Kuwaiti tax authorities have not been taxing dividends and interest from listed Kuwaiti securities.

Further, there are no withholding taxes in Kuwait. However, there is a 5% tax retention rule which applies to all payments made to foreign companies having a taxable presence (permanent establishment) in Kuwait. In practice, the 5% retention tax does not apply to dividends, interest and capital gains payments.

With regard to the Fund's investments in Morocco, under the current Tax Law of Morocco, dividends paid to the Fund, by Morocco resident entities are subject to 10% withholding tax. No potential capital gains tax liability should arise in Morocco on the sale of listed securities in Morocco by the Fund.

A Double Taxation Treaty is currently in force between the U.S. and Morocco. Under the relevant articles of the Treaty, withholding tax at a rate of 15% is levied on dividends and interest paid to the Fund or its shareholders for loans granted to a Moroccan entity, with the exception of interest on subscribed

---

government bonds which are exempt from withholding tax. However, the provisions of the domestic Moroccan Tax Code overrule the Treaty rate and apply a withholding tax rate of 10% to dividends and interest. Subject to the Fund qualifying for the Treaty benefits, a 15% withholding tax is levied on dividends and interest distributed to the Fund by Moroccan companies. However, the provisions of the domestic Moroccan Tax Code overrule the Treaty rate and apply the 10% withholding tax rate to dividends and interest.

With respect to the Fund's investments in Oman, for securities listed on the Muscat Securities Market ("MSM"), Oman does not currently levy tax on the acquisition of securities, withholding tax on dividends or interest payable to the Fund or capital gains tax on disposal of the Securities.

If the Fund were to be deemed to have a permanent establishment in Oman, through which the investments take place, any interest income will become taxable in Oman. Although the Fund does not intend to maintain a permanent establishment in Oman, however, there can be no guarantee that the Fund will not be deemed to have a permanent establishment.

With regard to the Fund's investments in Qatar, Qatar currently does not levy value added taxes, sales, stamp or other capital taxes and the Fund does not anticipate any tax issues on acquisition of securities. There is uncertainty and risk with respect to taxation of capital gains. There is also uncertainty with respect to taxation of dividend and interest income, however the uncertainty relates to taxation of such income subject to corporate income tax rather than withholding taxes. Currently Qatar does not levy any withholding taxes. To the extent that a tax is levied, the maximum applicable tax rate would be 35%. There is also uncertainty with respect to taxation of entities listed on the Doha Securities Market itself which may have an impact on the non-Gulf Coast Countries shareholders holding shares in Doha Securities Market listed entities.

With regard to the Fund's investment in Bahrain, assuming that the Fund does not have a permanent establishment in Bahrain, no tax liability should arise with respect to the Fund's investment activities in Bahrain. It is intended that the Fund will not have a permanent establishment in Bahrain.

With regard to the Fund's investments in Egypt, assuming that the Fund does not have a permanent establishment in Egypt, capital gain and dividends derived from listed shares and securities are not subject to taxation in Egypt. It is intended that the Fund will not have a permanent establishment in Egypt.

---

With regard to the Fund's investments in Jordan, under the existing law, assuming that the Fund does not have a permanent establishment in Jordan, capital gain and dividends derived from listed Jordanian stocks and securities are not subject to tax in Jordan. However, an amendment to the existing Jordanian tax law has been drafted. The amendment intends to subject capital gains from trading in securities to income tax. The amendment is subject to further approval by the Jordanian Senate but there is a high likelihood that it will pass with significant changes to the current draft.

With regard to the Fund's investment in the United Arab Emirates, no tax liability should arise in respect to the Fund's investment activities. The United Arab Emirates is expected to introduce a value added tax early in the near future, although details with respect to this new tax are not yet publicly available and therefore it is not possible to know how this might impact the Fund's investment activities.

## **Distributor**

---

Invesco Aim Distributors, Inc. (the "Distributor") serves as the distributor of Creation Units for the Fund on an agency basis. The Distributor does not maintain a secondary market in the Shares.

## **Net Asset Value**

---

The Bank of New York ("BONY") calculates the Fund's NAV at the close of regular trading (normally 4:00 p.m., Eastern time) every day the NYSE is open. NAV is calculated by deducting all of the Fund's liabilities from the total value of its assets and dividing the result by the number of Shares outstanding, rounding to the nearest cent. All valuations are subject to review by the Trust's Board of Trustees or its delegate.

In determining NAV, expenses are accrued and applied daily and securities and other assets for which market quotations are available are valued at market value. Stocks and other equity securities are valued at the last sales price that day based on the official closing price of the exchange where the security is primarily traded. The NAV for the Fund will be calculated and disseminated daily.

The NASDAQ will disseminate every 15 seconds throughout the trading day through the facilities of the Consolidated Tape Association the approximate value of Shares of the Fund, an amount representing on a per share basis the sum of the current value of the Deposit Securities based on their then current market

---

price and the estimated Cash Component. As the respective international local markets close, the market value of the Deposit Securities will continue to be updated for foreign exchange rates for the remainder of the U.S. trading day at the prescribed 15 second interval. The value of each Underlying Index will not be calculated and disseminated intra day. The value and return of each Underlying Index is calculated once each trading day by the Index Provider based on prices received from the respective international local markets.

The value of the Fund's portfolio securities is based on the securities' closing price on local markets when available. If a security's market price is not readily available or does not otherwise accurately reflect the fair value of the security, the security will be valued by another method that the Adviser believes will better reflect fair value in accordance with the Trust's valuation policies and procedures approved by the Board of Trustees. Money market securities maturing in 60 days or less will be valued at amortized cost. The Fund may use fair value pricing in a variety of circumstances, including but not limited to, situations when the value of a security in the Fund's portfolio has been materially affected by events occurring after the close of the market on which the security is principally traded (such as a corporate action or other news that may materially affect the price of a security) or trading in a security has been suspended or halted. Fair value pricing involves subjective judgments and it is possible that a fair value determination for a security is materially different than the value that could be realized upon the sale of the security. In addition, fair value pricing could result in a difference between the prices used to calculate the Fund's NAV and the prices used by the Fund's Underlying Index. This may adversely affect the Fund's ability to track its Underlying Index. With respect to securities that are primarily listed on foreign exchanges, the value of the Fund's portfolio securities may change on days when you will not be able to purchase or sell your Shares.

## **Fund Service Providers**

---

BONY, 101 Barclay Street, New York, New York 10286, is the administrator, custodian and fund accounting and transfer agent for the Fund. Clifford Chance US LLP, 31 West 52nd Street, New York, New York 10019, serves as legal counsel to the Fund.

PricewaterhouseCoopers LLP, 300 Madison Avenue, New York, New York 10036, serves as the Fund's independent registered public accounting firm. The independent registered public accounting firm is responsible for auditing the annual financial statements of the Fund.

## Index Provider

---

The NASDAQ OMX Middle East North Africa Index<sup>SM</sup> is calculated and maintained by the Index Provider. The Index Provider is not affiliated with the Trust, the Adviser or the Distributor. The Adviser has entered into a license agreement with the Index Provider to use the NASDAQ OMX Middle East Africa Index<sup>SM</sup>. The Fund is entitled to use the Middle East and Africa Frontier Index pursuant to a sub-licensing agreement with the Adviser.

The PowerShares MENA Frontier Countries Portfolio is based on the NASDAQ OMX Middle East North Africa Index<sup>SM</sup>.

## Disclaimers

---

The Fund is not sponsored, endorsed, sold or promoted by The NASDAQ OMX Group, Inc. or its affiliates (NASDAQ OMX, with its affiliates, are referred to as the “Corporations”). The Corporations have not passed on the legality or suitability of, or the accuracy or adequacy of descriptions and disclosures relating to, the Fund. The Corporations make no representation or warranty, express or implied to the owners of the Fund or any member of the public regarding the advisability of investing in securities generally or in the Fund particularly, or the ability of the NASDAQ OMX Middle East North Africa Index<sup>SM</sup> to track general stock market performance. The Corporations’ only relationship to PowerShares (“Licensee”) is in the licensing of the NASDAQ<sup>®</sup>, OMX<sup>™</sup>, and NASDAQ OMX Middle East North Africa Index<sup>SM</sup> trade/service marks, and certain trade names of the Corporations and the use of the NASDAQ OMX Middle East North Africa Index<sup>SM</sup> which is determined, composed and calculated by NASDAQ OMX without regard to Licensee or the Fund.

NASDAQ OMX has no obligation to take the needs of the Licensee or the owners of the Fund into consideration in determining, composing or calculating the NASDAQ OMX MENA Index<sup>SM</sup>. The Corporations are not responsible for and have not participated in the determination of the timing of, prices at, or quantities of the Fund to be issued or in the determination or calculation of the equation by which the Fund is to be converted into cash. The Corporations have no liability in connection with the administration, marketing or trading of the Fund.

**THE CORPORATIONS DO NOT GUARANTEE THE ACCURACY AND/OR UNINTERRUPTED CALCULATION OF THE NASDAQ OMX MIDDLE EAST NORTH AFRICA INDEX<sup>SM</sup> OR ANY DATA INCLUDED THEREIN. THE CORPORATIONS MAKE NO WARRANTY, EXPRESS OR IMPLIED, AS TO RESULTS TO BE OBTAINED BY LICENSEE, OWNERS**

---

OF THE FUND, OR ANY OTHER PERSON OR ENTITY FROM THE USE OF THE NASDAQ OMX MIDDLE EAST NORTH AFRICA INDEX<sup>SM</sup> OR ANY DATA INCLUDED THEREIN. THE CORPORATIONS MAKE NO EXPRESS OR IMPLIED WARRANTIES, AND EXPRESSLY DISCLAIM ALL WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE WITH RESPECT TO THE NASDAQ OMX MIDDLE EAST NORTH AFRICA INDEX<sup>SM</sup> OR ANY DATA INCLUDED THEREIN. WITHOUT LIMITING ANY OF THE FOREGOING, IN NO EVENT SHALL THE CORPORATIONS HAVE ANY LIABILITY FOR ANY LOST PROFITS OR SPECIAL, INCIDENTAL, PUNITIVE, INDIRECT, OR CONSEQUENTIAL DAMAGES, EVEN IF NOTIFIED OF THE POSSIBILITY OF SUCH DAMAGES.

The Adviser does not guarantee the accuracy and/or the completeness of the Underlying Index or any data included therein, and the Adviser shall have no liability for any errors, omissions, or interruptions therein. The Adviser makes no warranty, express or implied, as to results to be obtained by the Fund, owners of the Shares of the Fund or any other person or entity from the use of the Underlying Index or any data included therein. The Adviser makes no express or implied warranties, and expressly disclaims all warranties of merchantability or fitness for a particular purpose or use with respect to the Underlying Index or any data included therein. Without limiting any of the foregoing, in no event shall the Adviser have any liability for any special, punitive, direct, indirect or consequential damages (including lost profits) arising out of matters relating to the use of the Underlying Index even if notified of the possibility of such damages.

This offering has not been filed with, reviewed or approved by the Qatar Central Bank or any other relevant Qatar governmental body or securities exchange.

## Other Information

---

Section 12(d)(1) of the 1940 Act restricts investments by investment companies in the securities of other investment companies, including Shares of the Fund. Registered investment companies are permitted to invest in the Fund beyond the limits set forth in Section 12(d)(1) subject to certain terms and conditions set forth in an SEC exemptive order issued to the Trust, including that such investment companies enter into an agreement with the Trust.

### Continuous Offering

The method by which Creation Unit Aggregations of Fund Shares are created and traded may raise certain issues under applicable securities laws. Because new Creation Unit Aggregations of Shares are issued and sold by the Fund on an ongoing basis, a “distribution,” as such term is used in the Securities Act of 1933, as amended (the “Securities Act”), may occur at any point. Broker-dealers and other persons are cautioned that some activities on their part may, depending on the circumstances, result in their being deemed participants in a distribution in a manner which could render them statutory underwriters and subject them to the prospectus delivery requirement and liability provisions of the Securities Act.

For example, a broker-dealer firm or its client may be deemed a statutory underwriter if it takes Creation Unit Aggregations after placing an order with the Distributor, breaks them down into constituent Shares and sells such Shares directly to customers, or if it chooses to couple the creation of a supply of new Shares with an active selling effort involving solicitation of secondary market demand for Shares. A determination of whether one is an underwriter for purposes of the Securities Act must take into account all the facts and circumstances pertaining to the activities of the broker-dealer or its client in the particular case, and the examples mentioned above should not be considered a complete description of all the activities that could lead to a characterization as an underwriter.

Broker-dealer firms should also note that dealers who are not “underwriters” but are effecting transactions in Shares, whether or not participating in the distribution of Shares, are generally required to deliver a Prospectus. This is because the prospectus delivery exemption in Section 4(3) of the Securities Act is not available in respect of such transactions as a result of Section 24(d) of the 1940 Act. As a result, broker-dealer firms should note that dealers who are not underwriters but are participating in a distribution (as contrasted with ordinary secondary market transactions) and thus dealing with the Shares that are part

---

of an overallotment within the meaning of Section 4(3)(a) of the Securities Act would be unable to take advantage of the prospectus delivery exemption provided by Section 4(3) of the Securities Act. The Trust, however, has received from the SEC an exemption from the prospectus delivery obligation in ordinary secondary market transactions under certain circumstances, on the condition that purchasers are provided with a product description of the Shares. Firms that incur a prospectus delivery obligation with respect to Shares are reminded that, under Securities Act Rule 153, a prospectus delivery obligation under Section 5(b)(2) of the Securities Act owed to an exchange member in connection with a sale on the NASDAQ is satisfied by the fact that the prospectus is available at the NASDAQ upon request. The prospectus delivery mechanism provided in Rule 153 is only available with respect to transactions on an exchange.

### **For More Information**

For more detailed information on the Trust, the Fund and the Shares, you may request a copy of the Fund's SAI. The SAI provides detailed information about the Fund, and is incorporated by reference into this Prospectus. This means that the SAI, for legal purposes, is a part of this Prospectus. If you have questions about the Fund or Shares or you wish to obtain the SAI free of charge, please:

Call: Invesco Aim Distributors, Inc. at 1-800-337-4246  
Monday through Friday  
8:00 a.m. to 5:00 p.m., Central Time

Write: PowerShares Exchange-Traded Fund Trust II  
c/o Invesco Aim Distributors, Inc.  
11 Greenway Plaza  
Suite 100  
Houston, Texas 77046-1173

Visit: [www.InvescoPowerShares.com](http://www.InvescoPowerShares.com)

Information about the Fund (including the SAI) can be reviewed and copied at SEC's Public Reference Room, in Washington, D.C. and information on the operation of the Public Reference Room may be obtained by calling the Commission at 1-202-942-8090. Reports and other information about the Fund are available on the EDGAR Database on the Commission's Internet site at

---

www.sec.gov, and copies of this information may be obtained, after paying a duplicating fee, by electronic request at the following e-mail address:

publicinfo@sec.gov

or by writing the Commission's Public Reference Section, Washington, D.C. 20549-0102.

No person is authorized to give any information or to make any representations about the Fund and its Shares not contained in this Prospectus and you should not rely on any other information. Read and keep the Prospectus for future reference.

**DEALERS EFFECTING TRANSACTIONS IN THE FUNDS' SHARES, WHETHER OR NOT PARTICIPATING IN THIS DISTRIBUTION, ARE GENERALLY REQUIRED TO DELIVER A PROSPECTUS. THIS IS IN ADDITION TO ANY OBLIGATION OF DEALERS TO DELIVER A PROSPECTUS WHEN ACTING AS UNDERWRITERS.**

The Trust's registration number under the 1940 Act is 811-21977.

PowerShares Exchange-Traded Fund Trust II  
301 West Roosevelt Road  
Wheaton, IL 60187

800.983.0903  
[www.InvescoPowerShares.com](http://www.InvescoPowerShares.com)