

PPA

As of Dec. 31, 2009

Fund Description

The PowerShares Aerospace & Defense Portfolio is based on the SPADE™ Defense Index. The Fund will normally invest at least 90% of its total assets in common stocks that comprise the Index. The Index seeks to identify a group of companies involved in the development, manufacturing, operations and support of U.S. defense, homeland security and aerospace operations. The modified market-cap portfolio is rebalanced and reconstituted quarterly.

There are risks involved with investing in ETFs, including possible loss of money. Shares are not actively managed and are subject to risks similar to those of stocks, including those regarding short selling and margin maintenance requirements. Ordinary brokerage commissions apply. Concentrated industry investments involve greater risks than more diversified investments.

Fund Data³

Aerospace & Defense Portfolio	PPA
Intraday NAV (IIV)	PPA.IV

Underlying Index Data

SPADE Defense	DXS
Index Provider	ISBC LLC

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

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

	Alpha	Beta	Correlation
S&P SuperComposite			
A&D	-1.51	0.91	0.95
DJ US A&D	0.12	0.89	0.94
S&P 500	4.75	1.11	0.85

Fund Inception: Oct. 26, 2005

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

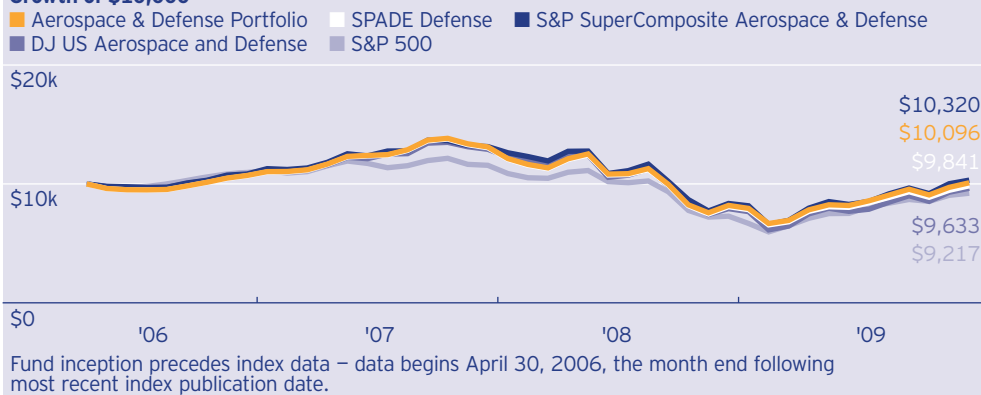
² Returns for the benchmark indexes are based on the closest month end to the Fund's inception date.

Fund performance figures include the reinvestment of dividends, but the return figures for the respective underlying Index do not. As a result, Fund performance returns may appear to be more favorable when compared to the underlying Index's returns.

Neither the underlying Index nor the benchmark indexes charge management fees or brokerage expenses, and no such fees or expenses were deducted from the performance shown; nor do any of the indexes lend securities, and no revenues from securities lending were added to the performance shown. In addition, the results actual investors might have achieved would have differed from those shown because of differences in the timing, amounts

PowerShares Aerospace & Defense Portfolio

Growth of \$10,000¹



Fund Performance & Index History (%)¹

	1 Year	3 Year	5 Year	10 Year	Fund Inception ²
Underlying Index					
SPADE Defense	21.71	-2.69	-	-	3.31
Benchmark Indexes					
S&P SuperComposite					
Aerospace & Defense	23.51	-1.61	-	-	6.08
DJ US Aerospace and Defense	21.63	-3.54	-	-	4.16
S&P 500	26.47	-5.62	-	-	0.25
Fund					
NAV	23.22	-1.95	-	-	3.99
After Tax Held	22.68	-2.23	-	-	3.74
After Tax Sold	15.07	-1.82	-	-	3.27
Market Price	23.30	-1.94	-	-	4.01

Performance data quoted represents past performance. As stated in the Fund's prospectus, the gross annual fund operating expense ratio is 0.67%. However, the Adviser has contractually agreed to waive fees and/or pay certain Fund expenses which resulted in a lower fee actually paid by investors. The expenses borne by the Adviser are subject to recapture by the Adviser for up to three years from the date the fee or expense was borne by the Adviser. These waivers and reimbursement contracts are reviewed by the Board annually and extend through at least Aug. 30, 2010. Past performance is not a guarantee of future results; current performance may be higher or lower than performance quoted. Investment returns and principal value will fluctuate and Shares, when redeemed, may be worth more or less than their original cost. The Shares' performance reflects fee waivers, absent which performance would have been lower. See invescopowershares.com to find the most recent month-end performance numbers. After Tax Held represents total return after taxes on distributions and assumes Shares have not been sold. After Tax Sold represents total return after taxes on distributions and the sale of Fund Shares. After-tax returns reflect the highest federal income tax rate but exclude state and local taxes. Market returns are based on the midpoint of the bid/ask spread at 4 p.m. ET and do not represent the returns an investor would receive if shares were traded at other times.

3-Year Index Statistics^{1,3}

	Performance (%)	Volatility (%)	Sharpe Ratio
SPADE Defense	-2.69	24.05	-0.19
S&P SuperComposite Aerospace & Defense	-1.61	25.66	-0.14
DJ US Aerospace and Defense	-3.54	26.13	-0.21
S&P 500	-5.62	19.89	-0.38

of their investments, and fees and expenses associated with an investment in the Fund.

The S&P SuperComposite Aerospace and Defense Index consists of all aerospace and defense stocks included in the S&P SuperComposite 1500 Index. The Dow Jones U.S. Aerospace & Defense Index is an unmanaged index considered representative of U.S. aerospace and defense companies. The S&P 500[®] Index is an unmanaged index considered

representative of the U.S. stock market.

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

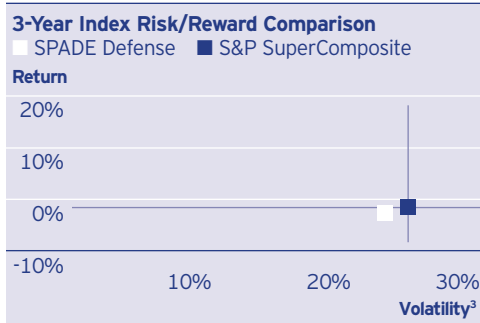
Shares are not individually redeemable and owners of the Shares may acquire those Shares from the Fund and tender those Shares for redemption to the Fund in Creation Unit aggregations only, typically consisting of 50,000 Shares.



PowerShares Aerospace & Defense Portfolio

As of Dec. 31, 2009

Top 30 Fund Holdings (%) ⁴	
Name	Weight
United Technologies Corp.	6.64
Boeing Co.	6.62
Honeywell International Inc.	6.43
Lockheed Martin Corp.	6.16
General Dynamics Corp.	5.65
Northrop Grumman Corp.	4.48
Precision Castparts Corp.	4.45
Raytheon Co.	4.45
L-3 Communications Holdings Inc.	4.06
Goodrich Corp.	4.01
Computer Sciences Corp.	4.01
Rockwell Collins Inc.	4.00
SAIC Inc.	3.99
ITT Corp.	3.98
Harris Corp.	3.34
Textron Inc.	2.72
Flir Systems Inc.	2.65
Ball Corp.	2.59
URS Corp.	1.99
Oshkosh Corp.	1.77
Alliant Techsystems Inc.	1.55
Elbit Systems Ltd.	1.46
ManTech International Corp. (CI A)	0.92
CACI International Inc. (CI A)	0.78
Teledyne Technologies Inc.	0.74
Moog Inc. (CI A)	0.71
Esterline Technologies Corp.	0.65
DigitalGlobe Inc.	0.58
SRA International Inc. (CI A)	0.58
ViaSat Inc.	0.54



Fund Details ³	
Weighted Harmonic Average Stock Price-to-Earnings Ratio	13.50
Weighted Harmonic Average Stock Price-to-Book-Value Ratio	2.29
Weighted Average Return on Equity	15.64
Weighted Market Cap (mm)	17,496
Approximate Number of Securities	57
Expense Cap ⁵	0.60%
CUSIP	09348R690
Listing Exchange	NYSE Arca

Fund Subindustry Allocations (%)	
Aerospace & Defense	71.61
Communications Equipment	4.53
Construction & Engineering	1.99
Construction & Farm Machinery & Heavy Trucks	1.96
Data Processing & Outsourced Services	4.01
Electronic Equipment & Instruments	3.77
Electronic Manufacturing Services	0.14
Industrial Conglomerates	2.72
IT Consulting & Other Services	6.56
Metal & Glass Containers	2.59

	Annual Index Performance (%)		
	SPADE Defense	S&P SuperComp	DJ US Aerospace
2007	22.16	21.27	20.31
2008	-38.03	-36.41	-38.66
2009	21.71	23.51	21.63

Fund Market-Cap Allocations (%)	
Large-Cap Growth	-
Large-Cap Value	40.42
Mid-Cap Growth	24.34
Mid-Cap Value	18.67
Small-Cap Growth	9.96
Small-Cap Value	6.61

Fund Sector Allocations (%)	
Consumer Discretionary	-
Consumer Staples	-
Energy	-
Financials	-
Health Care	-
Industrials	78.41
Information Technology	18.99
Materials	2.59
Telecommunication Services	-
Utilities	-

Leading the Intelligent ETF Revolution[®]

Underlying Index performance does not represent Fund performance.

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

Volatility is the annualized standard deviation of monthly index returns.

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

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

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

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

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

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

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

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

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

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

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

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

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

PowerShares[®] is a registered trademark of Invesco PowerShares Capital Management LLC. The SPADE Defense Index is a trademark of ISBC LLC and is licensed for use by Invesco PowerShares Capital Management LLC in connection with the PowerShares Aerospace & Defense Portfolio. ISBC's only relationship to Invesco PowerShares is ISBC's licensing to Invesco PowerShares certain ISBC trademarks, indexes and trade names, which are composed by ISBC without regard to

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

Note: Not all products available through all firms.