

# PQSC

As of Dec. 31, 2009

## Fund Description

The PowerShares FTSE NASDAQ Small Cap Portfolio is based on the FTSE NASDAQ Small Cap Index, which is designed to track the performance of the smallest 10% of companies in the FTSE NASDAQ Index. The Fund will normally invest at least 90% of its total assets in securities that comprise the Index. Eligible securities include common stock, American depositary receipts and real estate investment trusts. The Index is float-adjusted, market-capitalization weighted on an annual basis.

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. Investing in securities of small and medium-sized companies involves greater risk than is customarily associated with investing in more established companies.

## Fund Data<sup>3</sup>

FTSE NASDAQ Small Cap Portfolio	PQSC
Intraday NAV (IIV)	PQSC.IV

## Underlying Index Data

FTSE NASDAQ Small Cap	FTDNSE
Index Provider	FTSE

## 3-Year Alpha, Beta and Correlation<sup>1,3</sup>

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

	Alpha	Beta	Correlation
Russell 2000	-3.60	1.04	0.97
S&P SmallCap 600	-4.91	1.03	0.94
S&P 500	-1.69	1.24	0.87

## Fund Inception: April 3, 2008

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

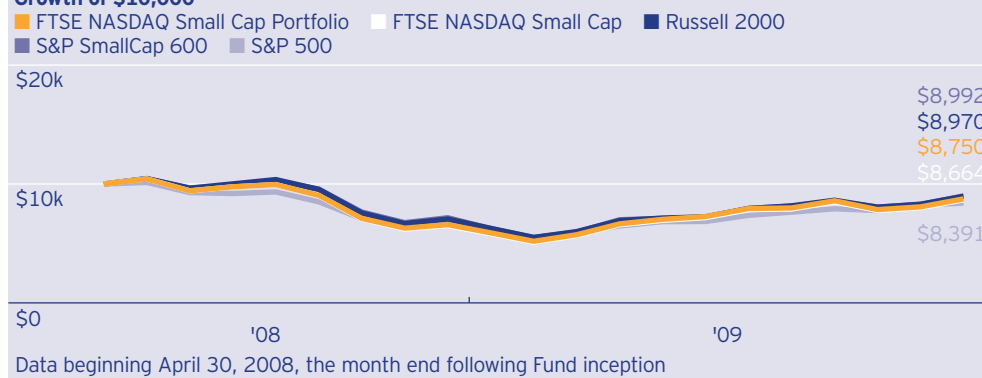
<sup>2</sup> Returns for the benchmark indexes are based on the closest month end to the Fund's inception date.

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

Neither the underlying Index nor the benchmark indexes charge management fees or brokerage expenses, and no such fees or expenses were

# PowerShares FTSE NASDAQ Small Cap Portfolio

## Growth of \$10,000<sup>1</sup>



## Fund Performance & Index History (%)<sup>1</sup>

	1 Year	3 Year	5 Year	10 Year	Fund Inception <sup>2</sup>
<b>Underlying Index</b>					
FTSE NASDAQ Small Cap	33.33	-9.96	-	-	-8.19
<b>Benchmark Indexes</b>					
Russell 2000	27.17	-6.07	-	-	-3.79
S&P SmallCap 600	25.57	-4.79	-	-	-3.75
S&P 500	26.47	-5.62	-	-	-7.05
<b>Fund</b>					
NAV	32.97	-	-	-	-7.63
After Tax Held	32.93	-	-	-	-7.82
After Tax Sold	21.43	-	-	-	-6.58
Market Price	32.87	-	-	-	-7.86

Performance data quoted represents past performance. As stated in the Fund's prospectus, the expense ratio of 0.70% is expressed as a unitary fee to cover expenses incurred in connection with managing the portfolio. Past performance is not a guarantee of future results; current performance may be higher or lower than performance quoted. Investment returns and principal value will fluctuate and Shares, when redeemed, may be worth more or less than their original cost. The Shares' performance reflects fee waivers, absent which performance would have been lower. See [invescopowershares.com](http://invescopowershares.com) to find the most recent month-end performance numbers. After Tax Held represents total return after taxes on distributions and assumes Shares have not been sold. After Tax Sold represents total return after taxes on distributions and the sale of Fund Shares. After-tax returns reflect the highest federal income tax rate but exclude state and local taxes. Market returns are based on the midpoint of the bid/ask spread at 4 p.m. ET and do not represent the returns an investor would receive if shares were traded at other times.

## 3-Year Index Statistics<sup>1,3</sup>

	Performance (%)	Volatility (%)	Sharpe Ratio
FTSE NASDAQ Small Cap	-9.96	26.57	-0.45
Russell 2000	-6.07	25.19	-0.32
S&P SmallCap 600	-4.79	25.07	-0.27
S&P 500	-5.62	19.89	-0.38

deducted from the performance shown; nor do any of the indexes lend securities, and no revenues from securities lending were added to the performance shown. In addition, the results actual investors might have achieved would have differed from those shown because of differences in the timing, amounts of their investments, and fees and expenses associated with an investment in the Fund.

The S&P SmallCap 600 Index is a market-value weighted index that consists of 600 small-cap U.S. stocks chosen for market size, liquidity and industry group representation. The Russell 2000® Index is an unmanaged index considered representative of small-cap stocks. The Russell 2000 Index is a

trademark/service mark of the Frank Russell Co. Russell® is a trademark of the Frank Russell Co. 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.**

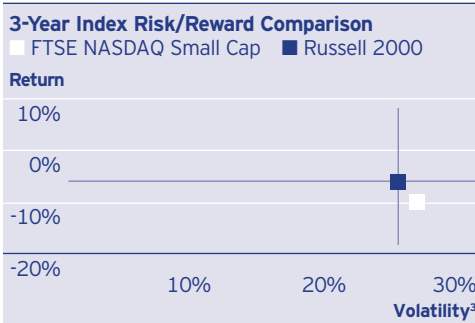
**Shares are not individually redeemable and owners of the shares may acquire those shares from the Funds and tender those shares for redemption to the Funds in Creation Unit aggregations only, typically consisting of 50,000 shares.**



# PowerShares FTSE NASDAQ Small Cap Portfolio

As of Dec. 31, 2009

Top 30 Fund Holdings (%) <sup>4</sup> Name	Weight
DryShips Inc.	0.51
Brigham Exploration Co.	0.47
Veeco Instruments Inc.	0.44
NetLogic Microsystems Inc.	0.44
Blue Coat Systems Inc.	0.40
HSN Inc.	0.39
TiVo Inc.	0.38
Incyte Corp.	0.37
Rosetta Resources Inc.	0.36
Tower Group Inc.	0.36
Seattle Genetics Inc.	0.35
Power Integrations Inc.	0.34
Amkor Technology Inc.	0.34
Atlas Air Worldwide Holdings	0.33
Acorda Therapeutics Inc.	0.33
Medivation Inc.	0.33
Healthcare Services Group Inc.	0.32
Canadian Solar Inc.	0.32
TriQuint Semiconductor Inc.	0.32
Savient Pharmaceuticals Inc.	0.31
Taleo Corp. (CI A)	0.31
Century Aluminum Co.	0.31
SuccessFactors Inc.	0.31
Insituform Technologies Inc. (CI A)	0.31
JDA Software Group Inc.	0.31
Sanmina-SCI Corp.	0.30
MicroStrategy Inc.	0.30
Lihir Gold Ltd. (ADS)	0.29
ArcSight Inc.	0.29
Home Inns & Hotels Management Inc. (ADS)	0.29



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

Weighted Harmonic Average Stock Price-to-Earnings Ratio	17.29
Weighted Harmonic Average Stock Price-to-Book-Value Ratio	1.61
Weighted Average Return on Equity	-6.83
Weighted Market Cap (mm)	584
Approximate Number of Securities	903
Expense Ratio	0.70%
CUSIP	73935X138
Listing Exchange	NASDAQ

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

Large-Cap Growth	0.30
Large-Cap Value	0.09
Mid-Cap Growth	1.61
Mid-Cap Value	0.52
Small-Cap Growth	66.72
Small-Cap Value	30.76

**Annual Index Performance (%)**

	FTSE NASDAQ Small Cap	Russell 2000	S&P Small Cap 600
2006	14.28	18.37	15.12
2007	-2.15	-1.57	-0.30
2008	-44.05	-33.79	-31.07
2009	33.33	27.17	25.57

**Fund Sector Allocations (%)**

Consumer Discretionary	12.14
Consumer Staples	3.77
Energy	4.51
Financials	14.74
Health Care	19.39
Industrials	14.87
Information Technology	25.81
Materials	2.60
Telecommunication Services	1.85
Utilities	0.32

**Fund Industry Allocations (%)**

Biotechnology	7.97
Commercial Banks	6.93
Communications Equipment	4.04
Electronic Equipment Instruments & Components	3.29
Health Care Equipment & Supplies	4.93
Health Care Providers & Services	2.88
Internet Software & Services	2.93
Oil Gas & Consumable Fuels	2.97
Semiconductors & Semiconductor Equipment	7.26
Software	6.05

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

Underlying Index performance does not represent Fund performance.

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

Volatility is the annualized standard deviation of monthly index returns.

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

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

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

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

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

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

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

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

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

<sup>4</sup> Please see the website for complete holdings information. Holdings are subject to change.

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's potential investment in non-U.S. issuers, although limited to American depositary receipts, may involve unique risks compared to investing in securities of U.S. issuers. Additionally, the Fund's potential investment in securities of real estate companies involves risks. Please see the prospectus for more complete risk information.

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

Note: Not all products available through all firms.