

# PRFZ

As of December 31, 2011

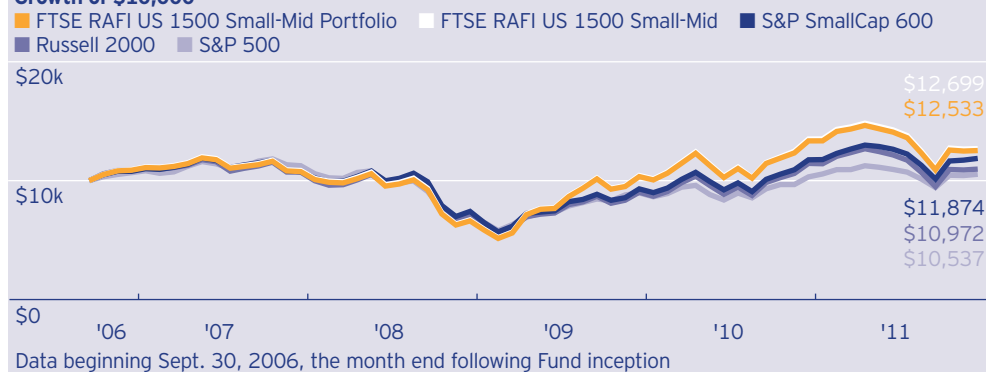
## Fund Description

The PowerShares FTSE RAFI US 1500 Small-Mid Portfolio is based on the FTSE RAFI US 1500 Small-Mid Index. The Fund will normally invest at least 90% of its total assets in common stocks that comprise the Index. The objective of the Index is to track the performance of small and medium-sized U.S. companies. Companies are selected based on the following four fundamental measures of size: sales, income, book value and dividends. Each of the equities with a fundamental weight ranking of 1,001 to 2,500 is then selected and assigned a weight equal to its fundamental weight. The Fundamental Index<sup>®</sup> portfolio is rebalanced and reconstituted annually.

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. The Fund's return may not match the return of the Underlying Index.

## PowerShares FTSE RAFI US 1500 Small-Mid 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 RAFI US 1500 Small-Mid	-5.94	23.77	3.05	-	4.48
<b>Benchmark Indexes</b>					
S&P SmallCap 600	1.02	17.03	1.94	7.09	3.32
Russell 2000	-4.18	15.64	0.15	5.62	1.78
S&P 500	2.11	14.12	-0.25	2.92	1.00
<b>Fund</b>					
NAV	-6.09	23.74	2.87	-	4.21
After Tax Held	-6.42	23.37	2.55	-	3.88
After Tax Sold	-3.96	20.51	2.26	-	3.42
Market Price	-6.10	23.96	2.92	-	4.24

Performance data quoted represents past performance. As stated in the Fund's prospectus, the total expense ratio is 0.46%. However, the Adviser has contractually agreed to waive fees and/or pay certain Fund expenses which resulted in a net expense ratio of 0.39%. These waivers and reimbursement contracts extend through at least Aug. 31, 2012. 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 between the highest bid and the lowest offer, as of the time that the Fund's NAV is calculated, generally around 4 p.m. ET and do not represent the returns an investor would receive if shares were traded at other times.

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

FTSE RAFI US 1500 Small-Mid Portfolio	PRFZ
Intraday NAV (IIV)	PRFZI

### Underlying Index Data

FTSE RAFI US 1500 Small-Mid	FR15US
Index Providers	FTSE

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

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

	Alpha	Beta	Correlation
S&P SmallCap 600	1.57	1.15	0.98
Russell 2000	3.54	1.12	0.98
S&P 500	5.36	1.37	0.92

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

	Performance (%)	Volatility (%)	Sharpe Ratio
FTSE RAFI US 1500 Small-Mid	3.05	27.98	0.06
S&P SmallCap 600	1.94	23.89	0.03
Russell 2000	0.15	24.47	-0.05
S&P 500	-0.25	18.88	-0.08

### Fund Inception: Sept. 20, 2006

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

<sup>2</sup> Returns for the benchmark indexes are based on the closest month end to the Fund's inception date. Neither the underlying Index nor the benchmark indexes charge management fees or brokerage expenses, and no such fees or expenses were deducted from the performance shown; nor do any of the indexes lend securities, and no revenues from 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 S&P 500<sup>®</sup> Index and the Russell 2000<sup>®</sup> Index are unmanaged indexes considered representative of the U.S. stock market and small-cap stocks, respectively. The Russell 2000

Index is a trademark/service mark of the Frank Russell Co. Russell<sup>®</sup> is a trademark of the Frank Russell Co.

**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.**

As of December 31, 2011

Top 30 Fund Holdings (%) <sup>4</sup> Name	Weight
Genesco Inc.	0.29
WellCare Group Inc.	0.29
Dollar General Corp.	0.27
Healthspring Inc.	0.26
Old Dominion Freight Line Inc.	0.26
Chipotle Mexican Grill Inc.	0.25
Nu Skin Enterprises Inc. (CI A)	0.25
Childrens Place	0.25
Transdigm Group Inc.	0.25
Hexcel Corp.	0.24
El Paso Electric Co.	0.24
Post Properties Inc.	0.23
Macquarie Infrastructure Co.	0.23
Equinix Inc.	0.23
Woodward Inc.	0.23
Newmarket Corp.	0.23
UIL Holdings Corp.	0.23
Parker Drilling Co.	0.23
MSC Industrial Direct Co.	0.22
Treehouse Foods Inc.	0.22
Sally Beauty Co. Inc.	0.22
Applied Industrial Technologies Inc.	0.22
Complete Production Services	0.22
Clean Harbors Inc.	0.22
Northwest Natural Gas Co.	0.22
Advance America Cash Advance	0.21
Extra Space Storage Inc.	0.21
PDL BioPharma Inc.	0.21
AO Smith Corp.	0.21
Bob Evans Farms Inc.	0.21

Fund Details <sup>3</sup>	
Weighted Harmonic Average	
Stock Price-to-Earnings Ratio	15.07
Weighted Harmonic Average	
Stock Price-to-Book-Value Ratio	1.44
Weighted Average Return on Equity	9.48%
Weighted Market Cap (mm)	1,425
Number of Holdings	1,410
Net Expense Ratio	0.39%
CUSIP	73935X567
Listing Exchange	NASDAQ

Fund Industry Allocations (%) <sup>5</sup>	
Commercial Banks	6.90
Real Estate Investment Trusts (REITs)	6.40
Machinery	4.49
Specialty Retail	4.24
Hotels, Restaurants & Leisure	4.13
Software	3.37
Oil, Gas & Consumable Fuels	3.35
Health Care Providers & Services	3.20
Commercial Services & Supplies	3.15
Semiconductors	
& Semiconductor Equipment	2.88

	Annual Index Performance (%)		
	FTSE RAFI US 1500	S&P SmallCap 600	Russell 2000
2007	-0.64	-0.30	-1.57
2008	-38.28	-31.07	-33.79
2009	55.74	25.57	27.17
2010	29.36	26.31	26.85
2011	-5.94	1.02	-4.18

Fund Market-Cap Allocations (%) <sup>5</sup>	
Large-Cap Growth	0.69
Large-Cap Value	0.10
Mid-Cap Growth	12.84
Mid-Cap Value	3.21
Small-Cap Growth	37.27
Small-Cap Value	45.86

Fund Sector Allocations (%) <sup>5</sup>	
Consumer Discretionary	17.84
Consumer Staples	3.91
Energy	5.73
Financials	20.18
Health Care	8.20
Industrials	19.28
Information Technology	16.02
Materials	5.50
Telecommunication Services	1.02
Utilities	2.25

## Leading the Intelligent ETF Revolution®

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 index returns.

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

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

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

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

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

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

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

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

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

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

<sup>5</sup> Security classifications used in calculating allocation tables are as of Nov. 30, 2011.

The Global Industry Classification Standard was developed by and is the exclusive property and a service mark of MSCI, Inc. and Standard & Poor's.

Investing in securities of small and medium-sized companies may involve greater risk than is customarily associated with investing in large companies.

Investments focused in a particular industry are subject to greater risk, and are more greatly impacted by market volatility, than more diversified investments.

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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 [invescopowershares.com](http://invescopowershares.com) for a prospectus. Please read the prospectus carefully before investing.**

Note: Not all products available through all firms.