

2011 Annual Report to Shareholders

April 30, 2011

PowerShares Dynamic Basic Materials Sector Portfolio (PYZ)

PowerShares Dynamic Consumer Discretionary Sector Portfolio (PEZ)

PowerShares Dynamic Consumer Staples Sector Portfolio (PSL)

PowerShares Dynamic Energy Sector Portfolio (PXI)

PowerShares Dynamic Financial Sector Portfolio (PFI)

PowerShares Dynamic Healthcare Sector Portfolio (PTH)

PowerShares Dynamic Industrials Sector Portfolio (PRN)

PowerShares Dynamic Technology Sector Portfolio (PTF)

PowerShares Dynamic Utilities Portfolio (PUI)

PowerShares NASDAQ Internet Portfolio (PNQI)

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The Market Environment

For the fiscal year ended April 30, 2011, the market environment saw continued improvement. Global equities ended up 18.25% after declining the first two months of the period. Emerging markets led equities up during the fiscal year with the MSCI Emerging Markets Index returning 20.67%. Developed International and U.S. Equities followed closely behind emerging markets with the MSCI EAFE Index up 19.18% and the S&P 500® Index up 17.24%. Volatility continued to decline on a year-over-year basis with the CBOE Volatility Index® (VIX®) dropping 33.11% for the fiscal year. Fixed income markets moved higher for the fiscal year with the Barclays Aggregate Bond Index ending up 5.37%.

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Manager's Analysis

PowerShares Dynamic Basic Materials Sector Portfolio (ticker: PYZ)

The PowerShares Dynamic Basic Materials Sector Portfolio (the "Fund") seeks investment results that correspond (before fees and expenses) generally to the price and yield performance of the Dynamic Basic Materials Sector IntellidexSM Index (the "Index").

For the fiscal year ended April 30, 2011, the Fund returned 33.12%. Over this same year, the Index returned 34.14%, while the S&P Materials Index returned 26.26%. The Fund benefited from positive performance of securities of companies in chemicals, containers & packaging and metals & mining industries. Fund performance was positive for securities of companies within each industry in which it was invested.

Industry Breakdown (% of the Fund's Net Assets) as of April 30, 2011

Chemicals-Specialty	26.4
Chemicals-Diversified	18.4
Paper & Related Products	12.7
Containers-Metal/Glass	6.3
Containers-Paper/Plastic	5.0
Metal-Copper	4.4
Agricultural Chemicals	4.3
Coatings/Paint	3.8
Diversified Manufacturing Operations	3.1
Gold Mining	2.5
Industrial Gases	2.4
Metal-Aluminum	2.3
Petrochemicals	1.8
Water Treatment Systems	1.4
Miscellaneous Manufacturing	1.4
Quarrying	1.3
Chemicals-Plastics	1.3
Non-Ferrous Metals	1.2
Money Market Fund	0.1
Liabilities in excess of other assets	(0.1)

Top Ten Fund Holdings (% of the Fund's Net Assets) as of April 30, 2011

Security	
Lubrizol Corp. (The)	2.8
Celanese Corp.	2.8
Sigma-Aldrich Corp.	2.6
International Paper Co.	2.5
Ecolab, Inc.	2.5
PPG Industries, Inc.	2.5
Newmont Mining Corp.	2.5
E.I. du Pont de Nemours & Co.	2.4
Freeport-McMoRan Copper & Gold, Inc.	2.4
Air Products & Chemicals, Inc.	2.4
Total	25.4

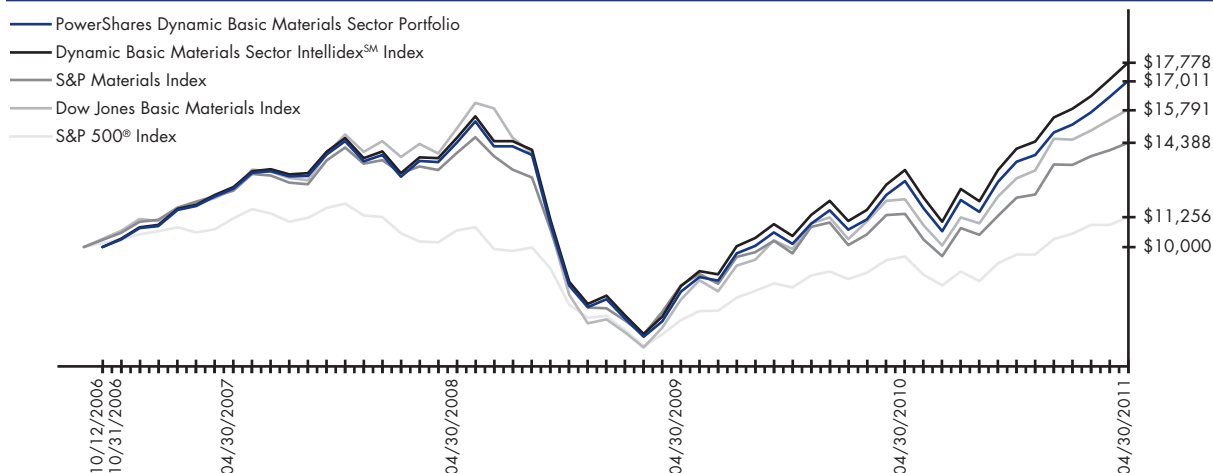
Style Allocation (% of the Fund's Total Investments) as of April 30, 2011

Large-Cap Growth	7.0
Large-Cap Value	16.5
Mid-Cap Growth	5.4
Mid-Cap Value	27.4
Small-Cap Value	29.9
Small-Cap Growth	13.8

Manager's Analysis (Continued)

PowerShares Dynamic Basic Materials Sector Portfolio (ticker: PYZ)

▼ Growth of a \$10,000 Investment Since Inception[†]



▼ Fund Performance History (%)

As of April 30, 2011

	Avg Ann ^{††}		Fund Inception [†]	
	1 Year	3 Year	Avg Ann ^{††}	Cumulative
Index				
Dynamic Basic Materials Sector Intellidex SM Index	34.14%	6.81%	13.49%	77.78%
S&P Materials Index	26.26%	1.00%	8.26%	43.88%
Dow Jones Basic Materials Index	31.46%	1.74%	10.48%	57.91%
S&P 500 [®] Index	17.24%	1.74%	2.62%	12.56%
Fund				
Net Asset Value ("NAV") Return	33.12%	5.72%	12.39%	70.11%
Share Price Return	32.98%	5.74%	12.41%	70.21%

Fund Inception: October 12, 2006

Performance quoted represents past performance. Past performance is not a guarantee of future results and 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 Adviser has waived fees and reimbursed other expenses, absent which, performance would have been lower. The Adviser has contractually agreed to waive fees and/or pay certain Fund expenses through August 31, 2012. According to the Fund's current prospectus, the total gross annual operating expense ratio was indicated as 0.91%. In the Financial Highlights section of this Shareholder Report, the Fund's net total operating expense ratio was determined to be 0.65%, while the Fund's gross total expense ratio was determined to be 0.80%. NAV and Share Price returns assume that dividends and capital gain distributions have been reinvested in the Fund at NAV and Share Price, respectively. The returns shown in the table above do not reflect the deduction of taxes that a shareholder would pay on Fund distributions or the redemption or sale of Fund Shares. See invescopowershares.com to find the most recent month-end performance numbers.

Index performance results are based upon a hypothetical investment in its constituent securities. Index returns do not represent Fund returns. An investor cannot invest directly in an index. The Index does not charge management fees or brokerage expenses, and no such fees or expenses were deducted from the hypothetical 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 Materials Index, Dow Jones Basic Materials Index and S&P 500[®] Index (the "Benchmark Indices") are unmanaged indices used as a measurement of change in stock market conditions based on the average performance of approximately 60, 70 and 500 common stocks, respectively.

[†] Fund and underlying Index returns are based on the inception date of the Fund. Returns for the Benchmark Indices are based on the closest month-end to the Fund's inception date.

^{††} Average annualized.

Manager's Analysis

PowerShares Dynamic Consumer Discretionary Sector Portfolio (ticker: PEZ)

The PowerShares Dynamic Consumer Discretionary Sector Portfolio (the "Fund") seeks investment results that correspond (before fees and expenses) generally to the price and yield performance of the Dynamic Consumer Discretionary Sector IntellidexSM Index (the "Index").

For the fiscal year ended April 30, 2011, the Fund returned 16.91%. Over this same year, the Index returned 17.85%, while the S&P Consumer Discretionary Index returned 18.60% and the S&P 500[®] Index returned 17.24%. The Fund benefited from positive performance of securities of companies in specialty retail, auto components, and leisure equipment & products industries. The Fund suffered from negative performance for securities of companies in diversified consumer services, household durables, and airlines industries.

Industry Breakdown (% of the Fund's Net Assets) as of April 30, 2011

Retail	52.7
Auto Parts & Equipment	7.1
Apparel	6.5
Media	6.2
Commercial Services	6.1
Internet	2.8
Airlines	2.7
Auto Manufacturers	2.2
Advertising	2.1
Leisure Time	1.8
Home Furnishings	1.7
Distribution/Wholesale	1.6
Household Products/Wares	1.5
Entertainment	1.3
Machinery-Diversified	1.3
Housewares	1.2
Textiles	1.2
Money Market Fund	0.3
Liabilities in excess of other assets	(0.3)

Top Ten Fund Holdings (% of the Fund's Net Assets) as of April 30, 2011

Security	
Limited Brands, Inc.	3.0
Priceline.com, Inc.	2.8
Bed Bath & Beyond, Inc.	2.7
Starbucks Corp.	2.6
Coach, Inc.	2.5
Time Warner Cable, Inc.	2.5
Yum! Brands, Inc.	2.5
TJX Cos., Inc. (The)	2.5
McDonald's Corp.	2.5
Nordstrom, Inc.	2.4
Total	26.0

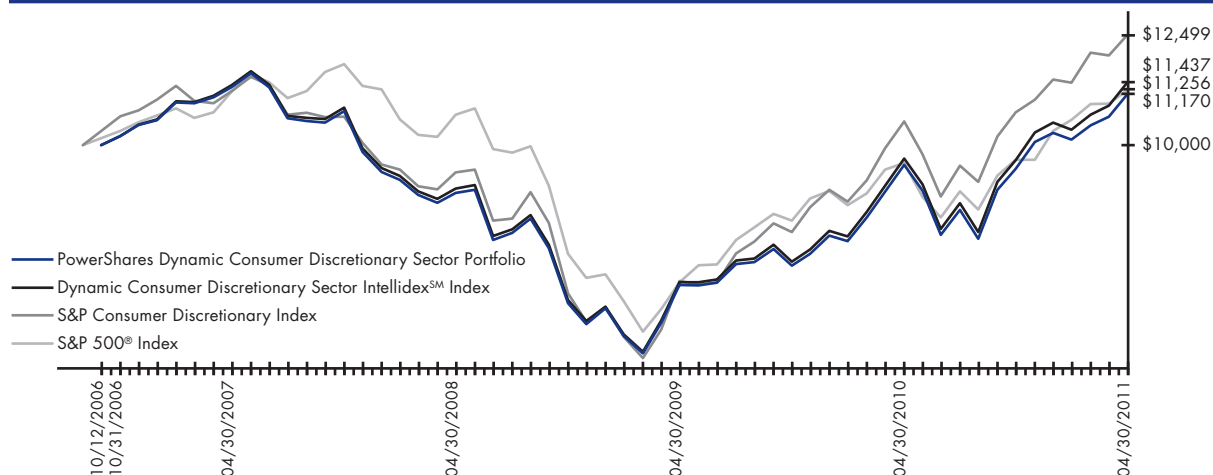
Style Allocation (% of the Fund's Total Investments) as of April 30, 2011

Large-Cap Growth	24.9
Large-Cap Value	4.9
Mid-Cap Growth	21.1
Mid-Cap Value	9.5
Small-Cap Value	27.2
Small-Cap Growth	12.4

Manager's Analysis (Continued)

PowerShares Dynamic Consumer Discretionary Sector Portfolio (ticker: PEZ)

▼ Growth of a \$10,000 Investment Since Inception[†]



▼ Fund Performance History (%)

As of April 30, 2011

		Avg Ann ^{††}		Fund Inception [†]	
		1 Year	3 Year	Avg Ann ^{††}	Cumulative
Index	Dynamic Consumer Discretionary Sector Intellidex SM Index	17.85%	8.23%	3.00%	14.37%
	S&P Consumer Discretionary Index	18.60%	10.00%	4.99%	24.99%
	S&P 500 [®] Index	17.24%	1.74%	2.62%	12.56%
Fund	Net Asset Value ("NAV") Return	16.91%	7.77%	2.46%	11.70%
	Share Price Return	16.77%	7.74%	2.46%	11.69%

Fund Inception: October 12, 2006

Performance quoted represents past performance. Past performance is not a guarantee of future results and 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 Adviser has waived fees and reimbursed other expenses, absent which, performance would have been lower. The Adviser has contractually agreed to waive fees and/or pay certain Fund expenses through August 31, 2012. According to the Fund's current prospectus, the total gross annual operating expense ratio was indicated as 1.32%. In the Financial Highlights section of this Shareholder Report, the Fund's net total operating expense ratio was determined to be 0.65%, while the Fund's gross total expense ratio was determined to be 1.24%. NAV and Share Price returns assume that dividends and capital gain distributions have been reinvested in the Fund at NAV and Share Price, respectively. The returns shown in the table above do not reflect the deduction of taxes that a shareholder would pay on Fund distributions or the redemption or sale of Fund Shares. See invescopowershares.com to find the most recent month-end performance numbers.

Index performance results are based upon a hypothetical investment in its constituent securities. Index returns do not represent Fund returns. An investor cannot invest directly in an index. The Index does not charge management fees or brokerage expenses, and no such fees or expenses were deducted from the hypothetical 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 Consumer Discretionary Index and S&P 500[®] Index (the "Benchmark Indices") are unmanaged indices used as a measurement of change in stock market conditions based on the average performance of approximately 182 and 500 common stocks, respectively.

[†] Fund and underlying Index returns are based on the inception date of the Fund. Returns for the Benchmark Indices are based on the closest month-end to the Fund's inception date.

^{††} Average annualized.

Manager's Analysis

PowerShares Dynamic Consumer Staples Sector Portfolio (ticker: PSL)

The PowerShares Dynamic Consumer Staples Sector Portfolio (the "Fund") seeks investment results that correspond (before fees and expenses) generally to the price and yield performance of the Dynamic Consumer Staples Sector IntellidexSM Index (the "Index").

For the fiscal year ended April 30, 2011, the Fund returned 19.46%. Over this same year, the Index returned 20.32%, while the S&P Consumer Staples Index returned 17.99% and the S&P 500[®] Index returned 17.24%. The Fund benefited from positive performance of securities of companies in food products, beverages, and tobacco industries. Fund performance was positive for securities of companies within each industry in which it was invested.

Industry Breakdown (% of the Fund's Net Assets) as of April 30, 2011

Food	33.8
Retail	16.6
Beverages	14.7
Cosmetics/Personal Care	11.4
Agriculture	11.3
Household Products/Wares	5.1
Pharmaceuticals	4.2
Environmental Control	1.5
Electrical Components & Equipment	1.4
Money Market Fund	0.1
Liabilities in excess of other assets	(0.1)

Style Allocation (% of the Fund's Total Investments) as of April 30, 2011

Large-Cap Growth	26.3
Large-Cap Value	21.5
Mid-Cap Growth	8.2
Mid-Cap Value	17.8
Small-Cap Value	22.4
Small-Cap Growth	3.8

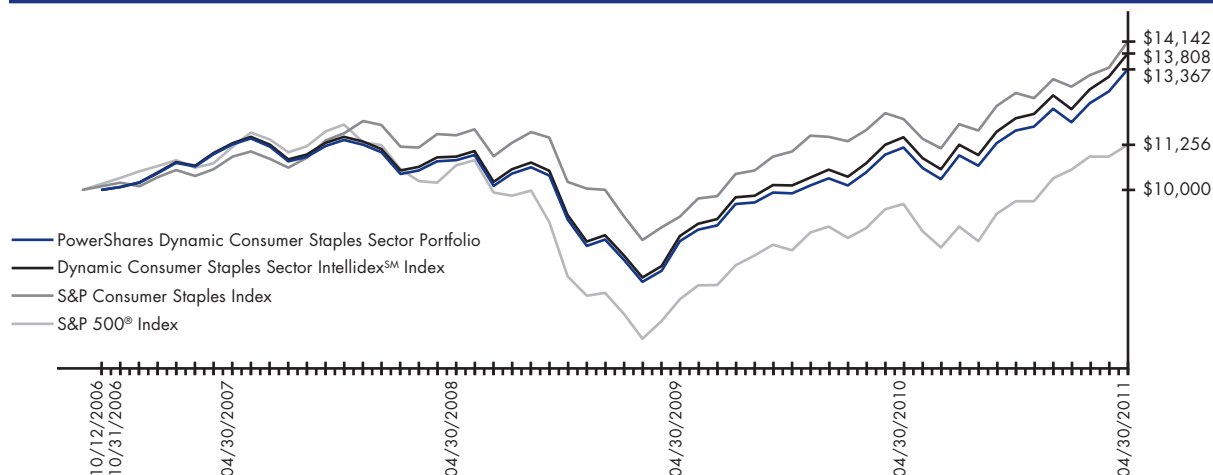
Top Ten Fund Holdings (% of the Fund's Net Assets) as of April 30, 2011

Security	
Philip Morris International, Inc.	2.6
CVS Caremark Corp.	2.6
Costco Wholesale Corp.	2.6
Reynolds American, Inc.	2.5
PepsiCo, Inc.	2.5
Colgate-Palmolive Co.	2.5
Kellogg Co.	2.5
Altria Group, Inc.	2.5
Wal-Mart Stores, Inc.	2.5
Coca-Cola Co. (The)	2.4
Total	25.2

Manager's Analysis (Continued)

PowerShares Dynamic Consumer Staples Sector Portfolio (ticker: PSL)

▼ Growth of a \$10,000 Investment Since Inception[†]



▼ Fund Performance History (%)

As of April 30, 2011

		Avg Ann ^{††}		Fund Inception [†]	
		1 Year	3 Year	Avg Ann ^{††}	Cumulative
Index	Dynamic Consumer Staples Sector Intellidex SM Index	20.32%	8.09%	7.35%	38.08%
	S&P Consumer Staples Index	17.99%	7.03%	7.85%	41.42%
	S&P 500 [®] Index	17.24%	1.74%	2.62%	12.56%
Fund	Net Asset Value ("NAV") Return	19.46%	7.28%	6.59%	33.67%
	Share Price Return	19.50%	7.30%	6.59%	33.68%

Fund Inception: October 12, 2006

Performance quoted represents past performance. Past performance is not a guarantee of future results and 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 Adviser has waived fees and reimbursed other expenses, absent which, performance would have been lower. The Adviser has contractually agreed to waive fees and/or pay certain Fund expenses through August 31, 2012. According to the Fund's current prospectus, the total gross annual operating expense ratio was indicated as 0.87%. In the Financial Highlights section of this Shareholder Report, the Fund's net total operating expense ratio was determined to be 0.65%, while the Fund's gross total expense ratio was determined to be 0.94%. NAV and Share Price returns assume that dividends and capital gain distributions have been reinvested in the Fund at NAV and Share Price, respectively. The returns shown in the table above do not reflect the deduction of taxes that a shareholder would pay on Fund distributions or the redemption or sale of Fund Shares. See investcopowershares.com to find the most recent month-end performance numbers.

Index performance results are based upon a hypothetical investment in its constituent securities. Index returns do not represent Fund returns. An investor cannot invest directly in an index. The Index does not charge management fees or brokerage expenses, and no such fees or expenses were deducted from the hypothetical 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 Consumer Staples Index and S&P 500[®] Index (the "Benchmark Indices") are unmanaged indices used as a measurement of change in stock market conditions based on the average performance of approximately 96 and 500 common stocks, respectively.

[†] Fund and underlying Index returns are based on the inception date of the Fund. Returns for the Benchmark Indices are based on the closest month-end to the Fund's inception date.

^{††} Average annualized.

Manager's Analysis

PowerShares Dynamic Energy Sector Portfolio (ticker: PXI)

The PowerShares Dynamic Energy Sector Portfolio (the "Fund") seeks investment results that correspond (before fees and expenses) generally to the price and yield performance of the Dynamic Energy Sector IntellidexSM Index (the "Index").

For the fiscal year ended April 30, 2010, the Fund returned 51.01%. Over this same year, the Index returned 51.97%, while the S&P Energy Index returned 35.86%, the Dow Jones Oil & Gas Index returned 35.17% and the S&P 500[®] Index returned 17.24%. The Fund benefited from positive performance of securities of companies in oil gas & consumable fuels, energy equipment & services and gas utilities industries. Fund performance was positive for securities of companies within each industry in which it was invested.

Industry Breakdown (% of the Fund's Net Assets) as of April 30, 2011

Oil Companies-Exploration & Production	16.9
Oil Companies-Integrated	14.8
Gas-Distribution	14.4
Pipelines	14.4
Coal	9.1
Oil-Field Services	7.7
Oil Field Machinery & Equipment	6.2
Oil Refining & Marketing	5.2
Oil & Gas Drilling	5.0
Seismic Data Collection	2.4
Electric-Integrated	1.4
Transportation-Services	1.2
Retail-Petroleum Products	1.2
Money Market Fund	0.1
Liabilities in excess of other assets	(0.0)

Top Ten Fund Holdings (% of the Fund's Net Assets) as of April 30, 2011

Security	
Marathon Oil Corp.	2.6
Occidental Petroleum Corp.	2.6
Spectra Energy Corp.	2.6
Halliburton Co.	2.5
Chevron Corp.	2.5
Murphy Oil Corp.	2.5
El Paso Corp.	2.5
Sempra Energy	2.4
Exxon Mobil Corp.	2.4
Peabody Energy Corp.	2.4
Total	25.0

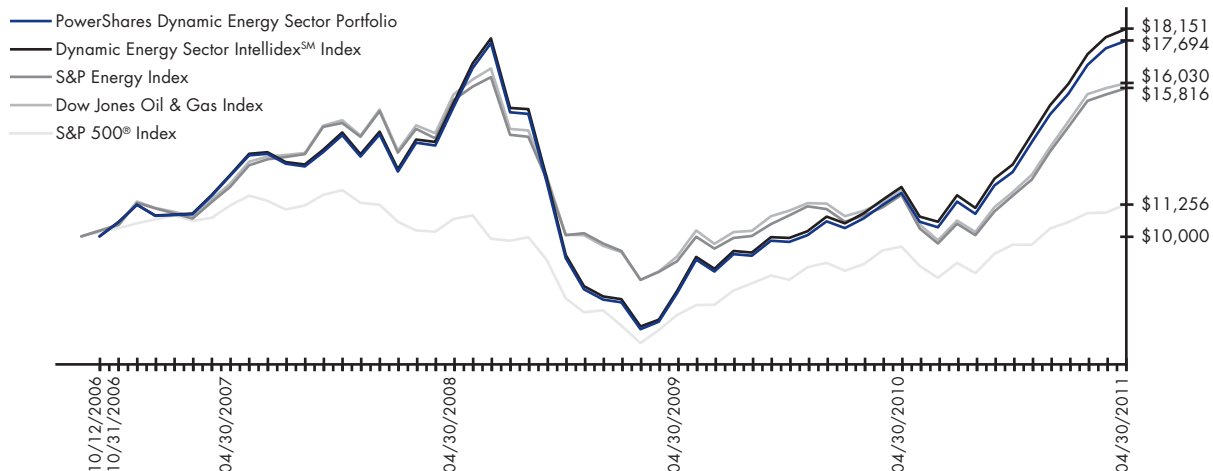
Style Allocation (% of the Fund's Total Investments) as of April 30, 2011

Large-Cap Growth	7.2
Large-Cap Value	27.0
Mid-Cap Growth	4.9
Mid-Cap Value	18.7
Small-Cap Value	31.6
Small-Cap Growth	10.6

Manager's Analysis (Continued)

PowerShares Dynamic Energy Sector Portfolio (ticker: PXI)

▼ Growth of a \$10,000 Investment Since Inception†



▼ Fund Performance History (%)

As of April 30, 2011

	Avg Ann ^{††}		Fund Inception [†]	
	1 Year	3 Year	Avg Ann ^{††}	Cumulative
Index				
Dynamic Energy Sector Intellidex SM Index	51.97%	5.99%	14.01%	81.51%
S&P Energy Index	35.86%	0.95%	10.52%	58.16%
Dow Jones Oil & Gas Index	35.17%	0.92%	10.84%	60.30%
S&P 500 [®] Index	17.24%	1.74%	2.62%	12.56%
Fund				
Net Asset Value ("NAV") Return	51.01%	5.44%	13.37%	76.94%
Share Price Return	51.07%	5.50%	13.40%	77.14%

Fund Inception: October 12, 2006

Performance quoted represents past performance. Past performance is not a guarantee of future results and 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 Adviser has waived fees and reimbursed other expenses, absent which, performance would have been lower. The Adviser has contractually agreed to waive fees and/or pay certain Fund expenses through August 31, 2012. According to the Fund's current prospectus, the total gross annual operating expense ratio was indicated as 0.93%. In the Financial Highlights section of this Shareholder Report, the Fund's net total operating expense ratio was determined to be 0.65%, while the Fund's gross total expense ratio was determined to be 0.74%. NAV and Share Price returns assume that dividends and capital gain distributions have been reinvested in the Fund at NAV and Share Price, respectively. The returns shown in the table above do not reflect the deduction of taxes that a shareholder would pay on Fund distributions or the redemption or sale of Fund Shares. See invescopowershares.com to find the most recent month-end performance numbers.

Index performance results are based upon a hypothetical investment in its constituent securities. Index returns do not represent Fund returns. An investor cannot invest directly in an index. The Index does not charge management fees or brokerage expenses, and no such fees or expenses were deducted from the hypothetical 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 Energy Index, Dow Jones Oil & Gas Index and S&P 500[®] Index (the "Benchmark Indices") are unmanaged indices used as a measurement of change in stock market conditions based on the average performance of approximately 78, 92 and 500 common stocks, respectively.

† Fund and underlying Index returns are based on the inception date of the Fund. Returns for the Benchmark Indices are based on the closest month-end to the Fund's inception date.

†† Average annualized.

Manager's Analysis

PowerShares Dynamic Financial Sector Portfolio (ticker: PFI)

The PowerShares Dynamic Financial Sector Portfolio (the "Fund") seeks investment results that correspond (before fees and expenses) generally to the price and yield performance of the Dynamic Financial Sector IntellidexSM Index (the "Index").

For the fiscal year ended April 30, 2011, the Fund returned 12.76%. Over this same year, the Index returned 13.53%, while the S&P Financials Index returned 2.58%, the Dow Jones Financials Index returned 2.16% and the S&P 500[®] Index returned 17.24%. The Fund benefited from positive performance of securities of companies in insurance, consumer finance and diversified financial services industries. The Fund suffered negative performance for securities of companies in commercial banks, capital markets, and thrifts & mortgage finance industries.

Industry Breakdown (% of the Fund's Net Assets) as of April 30, 2011

Property/Casualty Insurance	21.0
Investment Management/ Advisor Services	12.6
Life/Health Insurance	11.2
Multi-line Insurance	6.6
Commercial Banks-Eastern U.S.	6.4
Commercial Banks-Central U.S.	4.1
Reinsurance	4.0
Real Estate Management/Services	4.0
Insurance Brokers	4.0
Diversified Operations	2.9
Finance-Other Services	2.9
Finance-Credit Card	2.8
Commercial Services-Finance	2.8
Fiduciary Banks	2.6
Super-Regional Banks-U.S.	2.3
Finance-Auto Loans	1.5
Finance-Consumer Loans	1.5
Finance-Commercial	1.5
REITS-Diversified	1.5
Commercial Banks-Southern U.S.	1.3
Finance-Investment Banker/Broker	1.3
Private Equity	1.2
Money Market Fund	0.3
Liabilities in excess of other assets	(0.3)

Top Ten Fund Holdings (% of the Fund's Net Assets) as of April 30, 2011

Security

Leucadia National Corp.	2.9
Discover Financial Services	2.8
Chubb Corp. (The)	2.7
Progressive Corp. (The)	2.6
CB Richard Ellis Group, Inc.	2.6
Travelers Cos., Inc. (The)	2.6
State Street Corp.	2.6
Franklin Resources, Inc.	2.5
Loews Corp.	2.5
M&T Bank Corp.	2.4
Total	26.2

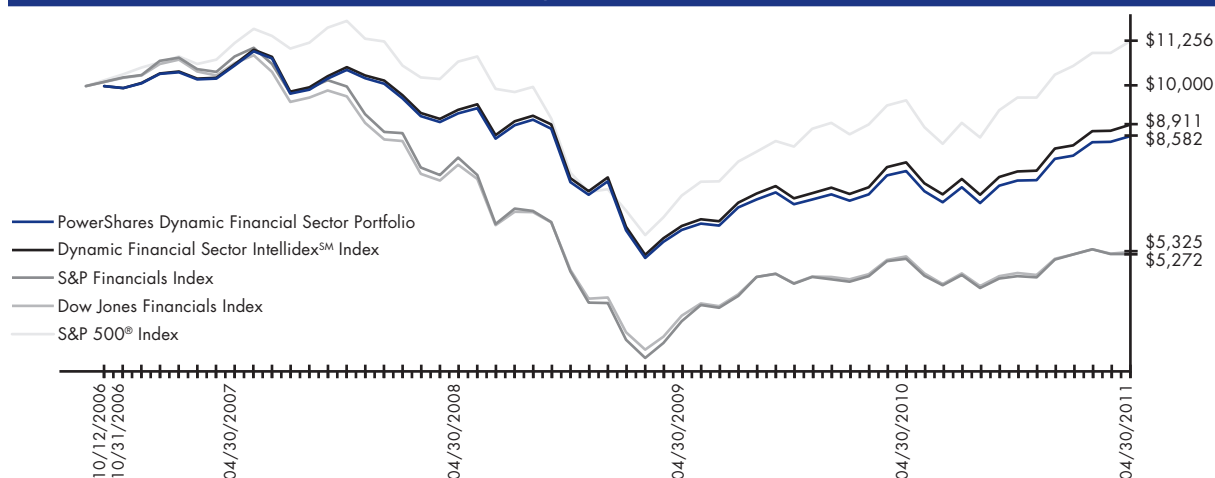
Style Allocation (% of the Fund's Total Investments) as of April 30, 2011

Large-Cap Growth	7.0
Large-Cap Value	20.3
Mid-Cap Growth	17.7
Mid-Cap Value	22.7
Small-Cap Value	24.2
Small-Cap Growth	8.1

Manager's Analysis (Continued)

PowerShares Dynamic Financial Sector Portfolio (ticker: PFI)

▼ Growth of a \$10,000 Investment Since Inception[†]



▼ Fund Performance History (%)

As of April 30, 2011

		Avg Ann ^{††}		Fund Inception [†]	
		1 Year	3 Year	Avg Ann ^{††}	Cumulative
Index	Dynamic Financial Sector Intellidex SM Index	13.53%	-1.52%	-2.50%	-10.89%
	S&P Financials Index	2.58%	-12.92%	-13.04%	-47.28%
	Dow Jones Financials Index	2.16%	-11.87%	-12.84%	-46.75%
	S&P 500 [®] Index	17.24%	1.74%	2.62%	12.56%
Fund	Net Asset Value ("NAV") Return	12.76%	-2.40%	-3.31%	-14.18%
	Share Price Return	12.77%	-2.41%	-3.31%	-14.18%

Fund Inception: October 12, 2006

Performance quoted represents past performance. Past performance is not a guarantee of future results and 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 Adviser has waived fees and reimbursed other expenses, absent which, performance would have been lower. The Adviser has contractually agreed to waive fees and/or pay certain Fund expenses through August 31, 2012. According to the Fund's current prospectus, the total gross annual operating expense ratio of 1.26% includes estimated acquired fund fees and expenses of 0.01%. In the Financial Highlights section of this Shareholder Report, the Fund's net total operating expense ratio was determined to be 0.65%, while the Fund's gross total expense ratio was determined to be 1.30%. NAV and Share Price returns assume that dividends and capital gain distributions have been reinvested in the Fund at NAV and Share Price, respectively. The returns shown in the table above do not reflect the deduction of taxes that a shareholder would pay on Fund distributions or the redemption or sale of Fund Shares. See invescopowershares.com to find the most recent month-end performance numbers.

Index performance results are based upon a hypothetical investment in its constituent securities. Index returns do not represent Fund returns. An investor cannot invest directly in an index. The Index does not charge management fees or brokerage expenses, and no such fees or expenses were deducted from the hypothetical 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 Financials Index, Dow Jones Financials Index and S&P 500[®] Index (the "Benchmark Indices") are unmanaged indices used as a measurement of change in stock market conditions based on the average performance of approximately 82, 262 and 500 common stocks, respectively.

[†] Fund and underlying Index returns are based on the inception date of the Fund. Returns for the Benchmark Indices are based on the closest month-end to the Fund's inception date.

^{††} Average annualized.

Manager's Analysis

PowerShares Dynamic Healthcare Sector Portfolio (ticker: PTH)

The PowerShares Dynamic Healthcare Sector Portfolio (the "Fund") seeks investment results that correspond (before fees and expenses) generally to the price and yield performance of the Dynamic Healthcare Sector IntellidexSM Index (the "Index").

For the fiscal year ended April 30, 2011, the Fund returned 22.31%. Over this same year, the Index returned 23.15%, while the S&P Health Care Index returned 16.42%, the Dow Jones U.S. Health Care Index returned 17.08% and the S&P 500[®] Index returned 17.24%. The Fund benefited from positive performance of securities of companies in health care providers & services, pharmaceuticals and biotechnology industries. Fund performance was positive for securities of companies within each industry in which it was invested.

Industry Breakdown (% of the Fund's Net Assets) as of April 30, 2011

Healthcare-Services	35.2
Pharmaceuticals	21.6
Healthcare-Products	20.7
Biotechnology	8.2
Commercial Services	5.3
Electronics	5.1
Software	2.5
Distribution/Wholesale	1.4
Money Market Fund	0.2
Liabilities in excess of other assets	(0.2)

Style Allocation (% of the Fund's Total Investments) as of April 30, 2011

Large-Cap Growth	9.0
Large-Cap Value	18.3
Mid-Cap Growth	17.7
Mid-Cap Value	13.5
Small-Cap Value	16.2
Small-Cap Growth	25.3

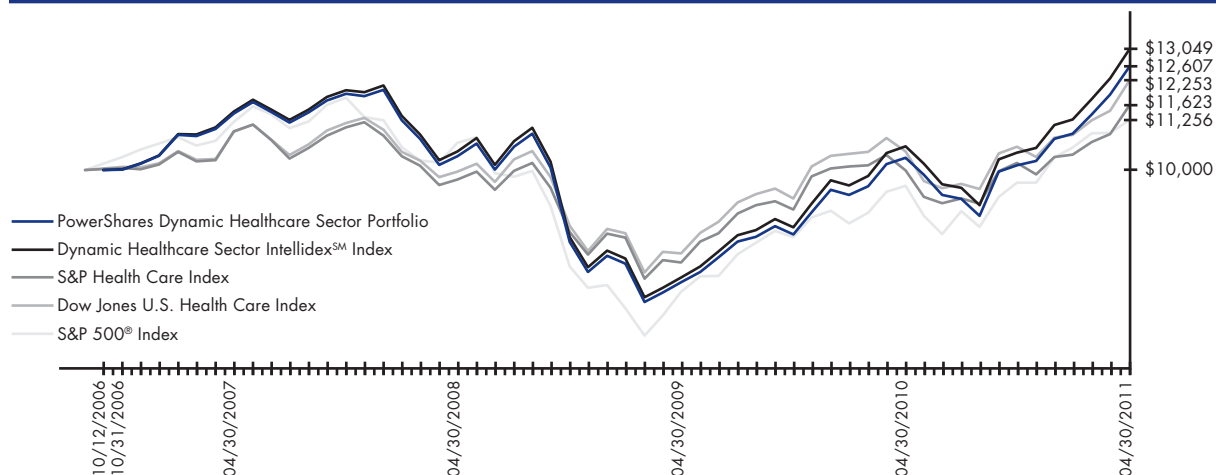
Top Ten Fund Holdings (% of the Fund's Net Assets) as of April 30, 2011

Security	
Biogen Idec, Inc.	3.2
Humana, Inc.	2.7
Waters Corp.	2.7
UnitedHealth Group, Inc.	2.6
WellPoint, Inc.	2.6
CIGNA Corp.	2.5
Aetna, Inc.	2.5
Amgen, Inc.	2.5
AmerisourceBergen Corp.	2.4
Eli Lilly & Co.	2.4
Total	26.1

Manager's Analysis (Continued)

PowerShares Dynamic Healthcare Sector Portfolio (ticker: PTH)

▼ Growth of a \$10,000 Investment Since Inception[†]



▼ Fund Performance History (%)

As of April 30, 2011

		Avg Ann ^{††}		Fund Inception [†]	
		1 Year	3 Year	Avg Ann ^{††}	Cumulative
Index	Dynamic Healthcare Sector Intellidex SM Index	23.15%	7.63%	6.03%	30.49%
	S&P Health Care Index	16.42%	5.99%	3.34%	16.23%
	Dow Jones U.S. Health Care Index	17.08%	7.17%	4.53%	22.53%
	S&P 500 [®] Index	17.24%	1.74%	2.62%	12.56%
Fund	Net Asset Value ("NAV") Return	22.31%	6.82%	5.23%	26.07%
	Share Price Return	22.48%	6.87%	5.25%	26.19%

Fund Inception: October 12, 2006

Performance quoted represents past performance. Past performance is not a guarantee of future results and 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 Adviser has waived fees and reimbursed other expenses, absent which, performance would have been lower. The Adviser has contractually agreed to waive fees and/or pay certain Fund expenses through August 31, 2012. According to the Fund's current prospectus, the total gross annual operating expense ratio was indicated as 0.72%. In the Financial Highlights section of this Shareholder Report, the Fund's net total operating expense ratio was determined to be 0.65%, while the Fund's gross total expense ratio was determined to be 0.83%. NAV and Share Price returns assume that dividends and capital gain distributions have been reinvested in the Fund at NAV and Share Price, respectively. The returns shown in the table above do not reflect the deduction of taxes that a shareholder would pay on Fund distributions or the redemption or sale of Fund Shares. See invescopowershares.com to find the most recent month-end performance numbers.

Index performance results are based upon a hypothetical investment in its constituent securities. Index returns do not represent Fund returns. An investor cannot invest directly in an index. The Index does not charge management fees or brokerage expenses, and no such fees or expenses were deducted from the hypothetical 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 Health Care Index, Dow Jones U.S. Healthcare Index and S&P 500[®] Index (the "Benchmark Indices") are unmanaged indices used as a measurement of change in stock market conditions based on the average performance of approximately 82, 126 and 500 common stocks, respectively.

[†] Fund and underlying Index returns are based on the inception date of the Fund. Returns for the Benchmark Indices are based on the closest month-end to the Fund's inception date.

^{††} Average annualized.

Manager's Analysis

PowerShares Dynamic Industrials Sector Portfolio (ticker: PRN)

The PowerShares Dynamic Industrials Sector Portfolio (the "Fund") seeks investment results that correspond (before fees and expenses) generally to the price and yield performance of the Dynamic Industrial Sector IntellidexSM Index (the "Index").

For the fiscal year ended April 30, 2010, the Fund returned 29.83%. Over this same year, the Index returned 30.93%, while the S&P Industrials Index returned 20.25%, the Dow Jones Industrial Index returned 19.44% and the S&P 500[®] Index returned 17.24%. The Fund benefited from positive performance of securities of companies in machinery, aerospace & defense and commercial services industries. The Fund suffered negative performance for securities of companies in professional services and marine industries.

Industry Breakdown (% of the Fund's Net Assets) as of April 30, 2011

Miscellaneous Manufacturing	25.2
Commercial Services	12.9
Aerospace/Defense	12.2
Transportation	12.0
Machinery-Diversified	10.9
Engineering & Construction	5.3
Machinery-Construction & Mining	5.2
Office Furnishings	4.0
Hand/Machine Tools	2.8
Electrical Components & Equipment	2.6
Computers	1.4
Household Products/Wares	1.4
Trucking & Leasing	1.4
Electronics	1.4
Semiconductors	1.3
Money Market Fund	0.1
Liabilities in excess of other assets	(0.1)

Top Ten Fund Holdings (% of the Fund's Net Assets) as of April 30, 2011

Security	
Caterpillar, Inc.	2.7
Union Pacific Corp.	2.6
AMETEK, Inc.	2.6
Tyco International Ltd.	2.6
Sauer-Danfoss, Inc.	2.5
United Technologies Corp.	2.5
Joy Global, Inc.	2.5
Honeywell International, Inc.	2.5
Parker Hannifin Corp.	2.5
Dover Corp.	2.5
Total	25.5

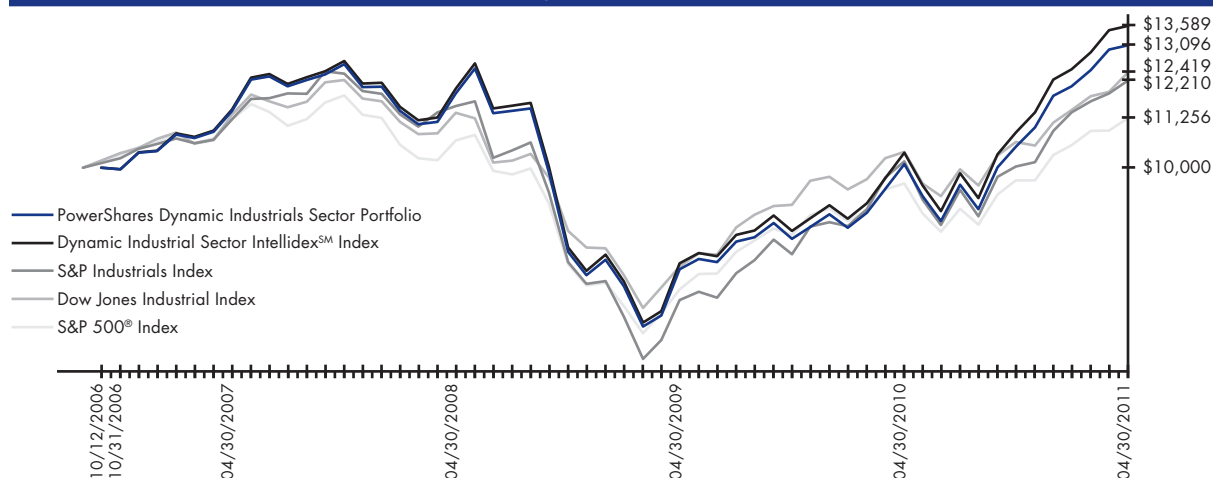
Style Allocation (% of the Fund's Total Investments) as of April 30, 2011

Large-Cap Growth	7.5
Large-Cap Value	21.9
Mid-Cap Growth	14.1
Mid-Cap Value	7.2
Small-Cap Value	31.7
Small-Cap Growth	17.6

Manager's Analysis (Continued)

PowerShares Dynamic Industrials Sector Portfolio (ticker: PRN)

▼ Growth of a \$10,000 Investment Since Inception[†]



▼ Fund Performance History (%)

As of April 30, 2011

	Avg Ann ^{††}		Fund Inception [†]	
	1 Year	3 Year	Avg Ann ^{††}	Cumulative
Index				
Dynamic Industrial Sector Intellidex SM Index	30.93%	4.25%	6.98%	35.89%
S&P Industrials Index	20.25%	1.85%	4.45%	22.10%
Dow Jones Industrial Index	19.44%	2.94%	4.84%	24.19%
S&P 500 [®] Index	17.24%	1.74%	2.62%	12.56%
Fund				
Net Asset Value ("NAV") Return	29.83%	3.32%	6.11%	30.96%
Share Price Return	29.92%	3.33%	6.13%	31.05%

Fund Inception: October 12, 2006

Performance quoted represents past performance. Past performance is not a guarantee of future results and 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 Adviser has waived fees and reimbursed other expenses, absent which, performance would have been lower. The Adviser has contractually agreed to waive fees and/or pay certain Fund expenses through August 31, 2012. According to the Fund's current prospectus, the total gross annual operating expense ratio was indicated as 0.82%. In the Financial Highlights section of this Shareholder Report, the Fund's net total operating expense ratio was determined to be 0.65%, while the Fund's gross total expense ratio was determined to be 0.87%. NAV and Share Price returns assume that dividends and capital gain distributions have been reinvested in the Fund at NAV and Share Price, respectively. The returns shown in the table above do not reflect the deduction of taxes that a shareholder would pay on Fund distributions or the redemption or sale of Fund Shares. See invescopowershares.com to find the most recent month-end performance numbers.

Index performance results are based upon a hypothetical investment in its constituent securities. Index returns do not represent Fund returns. An investor cannot invest directly in an index. The Index does not charge management fees or brokerage expenses, and no such fees or expenses were deducted from the hypothetical 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 Industrials Index, Dow Jones Industrial Index and S&P 500[®] Index (the "Benchmark Indices") are unmanaged indices used as a measurement of change in stock market conditions based on the average performance of approximately 400, 30 and 500 common stocks, respectively.

[†] Fund and underlying Index returns are based on the inception date of the Fund. Returns for the Benchmark Indices are based on the closest month-end to the Fund's inception date.

^{††} Average annualized.

Manager's Analysis

PowerShares Dynamic Technology Sector Portfolio (ticker: PTF)

The PowerShares Dynamic Technology Sector Portfolio (the "Fund") seeks investment results that correspond (before fees and expenses) generally to the price and yield performance of the Dynamic Technology Sector IntellidexSM Index (the "Index").

For the fiscal year ended April 30, 2011, the Fund returned 17.26%. Over this same year, the Index returned 18.13%, while the S&P Information Technology Index returned 13.16%, the Dow Jones Technology Index returned 15.19% and the S&P 500[®] Index returned 17.24%. The Fund benefited from positive performance of securities of companies in IT services, Software, and office electronics industries. The Fund suffered from negative performance for securities of companies in internet software & services industries.

Industry Breakdown (% of the Fund's Net Assets) as of April 30, 2011

Computers	21.6
Software	19.6
Commercial Services	15.8
Electronics	15.4
Semiconductors	13.1
Telecommunications	6.3
Internet	4.4
Distribution/Wholesale	2.4
Media	1.4
Money Market Fund	0.2
Liabilities in excess of other assets	(0.2)

Style Allocation (% of the Fund's Total Investments) as of April 30, 2011

Large-Cap Growth	20.9
Large-Cap Value	8.0
Mid-Cap Growth	17.4
Mid-Cap Value	10.4
Small-Cap Value	12.2
Small-Cap Growth	31.1

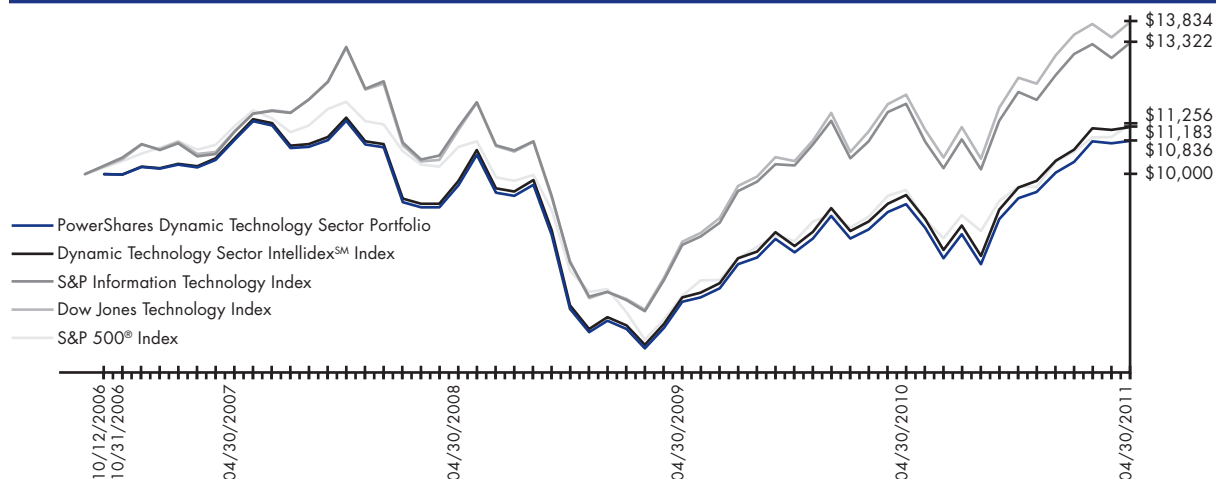
Top Ten Fund Holdings (% of the Fund's Net Assets) as of April 30, 2011

Security	
Agilent Technologies, Inc.	2.9
Automatic Data Processing, Inc.	2.7
Symantec Corp.	2.7
International Business Machines Corp.	2.6
BMC Software, Inc.	2.5
TE Connectivity Ltd.	2.5
Apple, Inc.	2.5
Texas Instruments, Inc.	2.5
CA, Inc.	2.5
Paychex, Inc.	2.5
Total	25.9

Manager's Analysis (Continued)

PowerShares Dynamic Technology Sector Portfolio (ticker: PTF)

▼ Growth of a \$10,000 Investment Since Inception[†]



▼ Fund Performance History (%)

As of April 30, 2011

		Avg Ann ^{††}		Fund Inception [†]	
		1 Year	3 Year	Avg Ann ^{††}	Cumulative
Index	Dynamic Technology Sector Intellidex SM Index	18.13%	4.41%	2.49%	11.83%
	S&P Information Technology Index	13.16%	5.98%	6.46%	33.22%
	Dow Jones Technology Index	15.19%	7.56%	7.34%	38.34%
	S&P 500 [®] Index	17.24%	1.74%	2.62%	12.56%
Fund	Net Asset Value ("NAV") Return	17.26%	3.68%	1.78%	8.36%
	Share Price Return	17.27%	3.70%	1.77%	8.32%

Fund Inception: October 12, 2006

Performance quoted represents past performance. Past performance is not a guarantee of future results and 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 Adviser has waived fees and reimbursed other expenses, absent which, performance would have been lower. The Adviser has contractually agreed to waive fees and/or pay certain Fund expenses through August 31, 2012. According to the Fund's current prospectus, the total gross annual operating expense ratio was indicated as 0.90%. In the Financial Highlights section of this Shareholder Report, the Fund's net total operating expense ratio was determined to be 0.65%, while the Fund's gross total expense ratio was determined to be 0.91%. NAV and Share Price returns assume that dividends and capital gain distributions have been reinvested in the Fund at NAV and Share Price, respectively. The returns shown in the table above do not reflect the deduction of taxes that a shareholder would pay on Fund distributions or the redemption or sale of Fund Shares. See invescopowershares.com to find the most recent month-end performance numbers.

Index performance results are based upon a hypothetical investment in its constituent securities. Index returns do not represent Fund returns. An investor cannot invest directly in an index. The Index does not charge management fees or brokerage expenses, and no such fees or expenses were deducted from the hypothetical 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 Information Technology Index, Dow Jones Technology Index and S&P 500[®] Index (the "Benchmark Indices") are unmanaged indices used as a measurement of change in stock market conditions based on the average performance of approximately 119, 166 and 500 common stocks, respectively.

[†] Fund and underlying Index returns are based on the inception date of the Fund. Returns for the Benchmark Indices are based on the closest month-end to the Fund's inception date.

^{††} Average annualized.

Manager's Analysis

PowerShares Dynamic Utilities Portfolio (ticker: PUI)

The PowerShares Dynamic Utilities Portfolio (the "Fund") seeks investment results that correspond (before fees and expenses) generally to the price and yield performance of the Dynamic Utilities IntellidexSM Index (the "Index").

Effective October 1, 2010, the index methodology was amended to increase the number of common stocks of U.S. utilities companies in the Index from 30 to 60 and to include common stocks of U.S. utilities companies that provide telecommunications services.

For the fiscal year ended April 30, 2011, the Fund returned 18.36%. Over this same year, the Index returned 19.25%, while the S&P Utilities Index returned 13.85%, the Dow Jones U.S. Utilities Index returned 15.62% and the S&P 500[®] Index returned 17.24%. The Fund benefited from positive performance of securities of companies in multi-utilities, electric utilities and diversified telecommunication services. The Fund suffered negative performance for securities of companies in oil gas & consumable fuels and independent power producers & energy traders industries.

▼ Industry Breakdown (% of the Fund's Net Assets) as of April 30, 2011

Electric-Integrated	50.5
Telephone-Integrated	9.0
Gas-Distribution	7.7
Cable/Satellite TV	7.5
Cellular Telecommunications	6.9
Telecommunication Services	4.6
Wireless Equipment	3.2
Telecommunication Equipment	2.7
Broadcast Services/Program	1.4
Water	1.4
Electric-Transmission	1.3
Independent Power Producer	1.3
Internet Connectivity Services	1.3
Electronic Measuring Instruments	1.2
Money Market Fund	0.0
Liabilities in excess of other assets	(0.0)

▼ Style Allocation (% of the Fund's Total Investments) as of April 30, 2011

Large-Cap Growth	7.8
Large-Cap Value	33.2
Mid-Cap Growth	6.8
Mid-Cap Value	20.2
Small-Cap Value	17.9
Small-Cap Growth	14.1

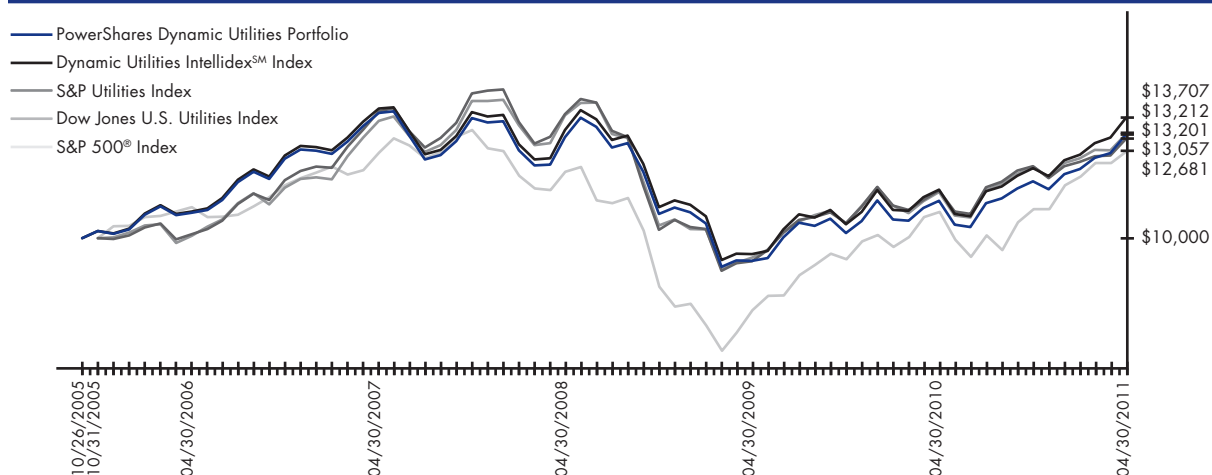
▼ Top Ten Fund Holdings (% of the Fund's Net Assets) as of April 30, 2011

Security	
Sprint Nextel Corp.	2.8
AT&T, Inc.	2.6
Time Warner Cable, Inc.	2.6
Edison International	2.6
DIRECTV	2.5
Consolidated Edison, Inc.	2.5
Verizon Communications, Inc.	2.5
Duke Energy Corp.	2.5
Comcast Corp.	2.4
American Electric Power Co., Inc.	2.4
Total	25.4

Manager's Analysis (Continued)

PowerShares Dynamic Utilities Portfolio (ticker: PUI)

▼ Growth of a \$10,000 Investment Since Inception[†]



▼ Fund Performance History (%)

As of April 30, 2011

		1 Year	Avg Ann ^{††} 3 Year	5 Year	Fund Inception [†] Avg Ann ^{††}	Cumulative
Index	Dynamic Utilities Intellidex SM Index	19.25%	0.93%	4.83%	5.89%	37.07%
	S&P Utilities Index	13.85%	-1.88%	5.20%	4.97%	30.57%
	Dow Jones U.S. Utilities Index	15.62%	-1.40%	5.55%	5.20%	32.12%
	S&P 500 [®] Index	17.24%	1.74%	2.95%	4.41%	26.81%
Fund	Net Asset Value ("NAV") Return	18.36%	0.22%	4.13%	5.17%	32.01%
	Share Price Return	18.42%	0.24%	4.15%	5.20%	32.25%

Fund Inception: October 26, 2005

Performance quoted represents past performance. Past performance is not a guarantee of future results and 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 Adviser has waived fees and reimbursed other expenses, absent which, performance would have been lower. The Adviser has contractually agreed to waive fees and/or pay certain Fund expenses through August 31, 2012. According to the Fund's current prospectus, the total gross annual operating expense ratio was indicated as 0.95%. In the Financial Highlights section of this Shareholder Report, the Fund's net total operating expense ratio was determined to be 0.63%, while the Fund's gross total expense ratio was determined to be 0.89%. NAV and Share Price returns assume that dividends and capital gain distributions have been reinvested in the Fund at NAV and Share Price, respectively. The returns shown in the table above do not reflect the deduction of taxes that a shareholder would pay on Fund distributions or the redemption or sale of Fund Shares. See invescopowershares.com to find the most recent month-end performance numbers.

Index performance results are based upon a hypothetical investment in its constituent securities. Index returns do not represent Fund returns. An investor cannot invest directly in an index. The Index does not charge management fees or brokerage expenses, and no such fees or expenses were deducted from the hypothetical 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 Utilities Index, Dow Jones U.S. Utilities Index and S&P 500[®] Index (the "Benchmark Indices") are unmanaged indices used as a measurement of change in stock market conditions based on the average performance of approximately 33, 15 and 500 common stocks, respectively.

[†] Fund and underlying Index returns are based on the inception date of the Fund. Returns for the Benchmark Indices are based on the closest month-end to the Fund's inception date.

^{††} Average annualized.

Manager's Analysis

PowerShares NASDAQ Internet Portfolio (ticker: PNQI)

The PowerShares NASDAQ Internet Portfolio (the "Fund") seeks investment results that correspond (before fees and expenses) generally to the price and yield performance of the NASDAQ Internet IndexSM (the "Index").

For the fiscal year ended April 30, 2011, the Fund returned 47.80%. Over this same year the Index returned 48.70% while the NASDAQ-100[®] Index returned 21.07% and the S&P 500[®] Index returned 17.24%. The Fund benefited from positive performance of securities of companies in the information technology and consumer discretionary sectors. Fund performance was positive for securities of companies within each sector in which it was invested.

▼ Industry Breakdown (% of the Fund's Net Assets) as of April 30, 2011

Web Portals/ISP	28.8
E-Commerce/Services	27.9
E-Commerce/Products	11.8
Web Hosting/Design	6.1
Internet Security	3.4
Internet Infrastructure Software	3.4
E-Marketing/Information	2.9
Enterprise Software/Services	2.4
Telecommunication Services	2.0
Internet Content-Information/Network	1.9
Internet Content-Information/News	1.6
E-Services/Consulting	1.5
Internet Application Software	1.2
Printing-Commercial	1.2
Human Resources	1.1
Internet Telephony	0.7
Internet Connectivity Services	0.6
Networking Products	0.5
Internet Content-Entertainment	0.4
Computer Services	0.3
Retail-Pet Food & Supplies	0.2
Internet Incubators	0.1
Liabilities in excess of other assets	(0.0)

▼ Top Ten Fund Holdings (% of the Fund's Net Assets) as of April 30, 2011

Security	
Baidu, Inc.	8.7
Priceline.com, Inc.	8.6
Amazon.com, Inc.	8.0
eBay, Inc.	7.3
Google, Inc.	6.3
SINA Corp.	4.2
Netflix, Inc.	4.0
Yahoo!, Inc.	3.8
VeriSign, Inc.	3.3
Akamai Technologies, Inc.	3.3
Total	57.5

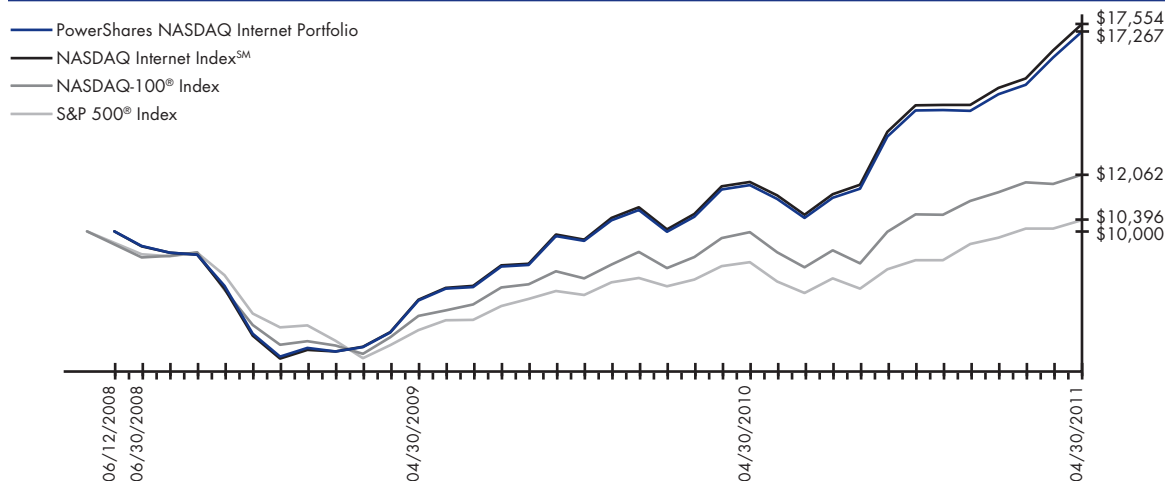
▼ Style Allocation (% of the Fund's Total Investments) as of April 30, 2011

Large-Cap Growth	44.6
Large-Cap Value	—
Mid-Cap Growth	30.7
Mid-Cap Value	1.1
Small-Cap Value	1.0
Small-Cap Growth	22.6

Manager's Analysis (Continued)

PowerShares NASDAQ Internet Portfolio (ticker: PNQI)

▼ Growth of a \$10,000 Investment Since Inception[†]



▼ Fund Performance History (%)

As of April 30, 2011

		Avg Ann ^{††} 1 Year	Fund Inception [†] Avg Ann ^{††}	Fund Inception [†] Cumulative
Index	NASDAQ Internet Index SM	48.70%	21.56%	75.54%
	NASDAQ-100 [®] Index	21.07%	6.64%	20.62%
	S&P 500 [®] Index	17.24%	1.34%	3.96%
Fund	Net Asset Value ("NAV") Return	47.80%	20.87%	72.67%
	Share Price Return	47.81%	20.24%	70.10%

Fund Inception: June 12, 2008

Performance quoted represents past performance. Past performance is not a guarantee of future results and 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. According to the Fund's current prospectus, the expense ratio of 0.60% is expressed as a unitary management fee to cover operating expenses and expenses incurred in connection with managing the portfolio. NAV and Share Price returns assume that dividends and capital gain distributions have been reinvested in the Fund at NAV and Share Price, respectively. The returns shown in the table above do not reflect the deduction of taxes that a shareholder would pay on Fund distributions or redemption or sale of Fund Shares. See invescopowershares.com to find the most recent month-end performance numbers.

Index performance results are based upon a hypothetical investment in its constituent securities. Index returns do not represent Fund returns. An investor cannot invest directly in an index. The Index does not charge management fees or brokerage expenses, and no such fees or expenses were deducted from the hypothetical 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 NASDAQ-100[®] Index and S&P 500[®] Index (the "Benchmark Indices") are unmanaged indices used as a measurement of change in stock market conditions based on the average performance of approximately 100 and 500 common stocks, respectively.

[†] Fund and underlying Index returns are based on the inception date of the Fund. Returns for the Benchmark Indices are based on the closest month-end to the Fund's inception date.

^{††} Average annualized.

Frequency Distribution of Discounts & Premiums

Since Inception through April 30, 2011

Ticker	Fund Name	Inception	Trading Days	Closing Price Above NAV (bps)					
				0-24	25-49	50-99	100-149	150-199	200+
PYZ	PowerShares Dynamic Basic Materials Sector Portfolio	10/12/06	1145	507	21	4	0	0	0
PEZ	PowerShares Dynamic Consumer Discretionary Sector Portfolio	10/12/06	1145	446	17	4	0	0	2
PSL	PowerShares Dynamic Consumer Staples Sector Portfolio	10/12/06	1145	402	15	6	0	0	2
PXI	PowerShares Dynamic Energy Sector Portfolio	10/12/06	1145	473	15	8	2	0	0
PFI	PowerShares Dynamic Financial Sector Portfolio	10/12/06	1145	459	24	8	1	1	1
PTH	PowerShares Dynamic Healthcare Sector Portfolio	10/12/06	1145	357	13	12	0	0	0
PRN	PowerShares Dynamic Industrials Sector Portfolio	10/12/06	1145	524	13	8	0	0	1
PTF	PowerShares Dynamic Technology Sector Portfolio	10/12/06	1145	452	56	9	1	1	1
PUI	PowerShares Dynamic Utilities Portfolio	10/26/05	1387	545	27	5	1	1	1
PNQI	PowerShares NASDAQ Internet Portfolio	6/12/08	693	289	9	5	1	2	2

Closing Price Below NAV (bps)					
-0-24	-25-49	-50-99	-100-149	-150-199	-200+
597	13	3	0	0	0
665	9	1	0	0	1
711	8	1	0	0	0
629	10	6	1	0	1
619	20	6	4	2	0
754	9	0	0	0	0
588	11	0	0	0	0
609	13	1	0	0	2
790	16	0	0	1	0
378	5	1	0	0	1

Fees and Expenses

As a shareholder of a Fund of the PowerShares Exchange-Traded Fund Trust, you incur advisory fees and other Fund expenses. The expense examples below are intended to help you understand your ongoing costs (in dollars) of investing in the Funds and to compare these costs with the ongoing costs of investing in other funds.

The example is based on an investment of \$1,000 invested at the beginning of the period and held through the six-month period ended April 30, 2011.

In pursuing its investment objective, PowerShares Dynamic Financial Sector Portfolio (the “Portfolio”) may invest a portion of its assets in investment companies. The Fund indirectly bears a pro rata share of the fees and expenses of the investment companies in which the Fund invests. The effect of such expenses are included in the Portfolio’s total return.

Actual Expenses

The first line in the following table provides information about actual account values and actual expenses. You may use the information in this line, together with the amount you invested, to estimate the expenses that you paid over the period. Simply divide your account value by \$1,000 (for example, an \$8,600 account value divided by \$1,000 = 8.6), then multiply the result by the number in the first line under the heading “Expenses Paid During the Six-Month Period” to estimate the expenses you paid on your account during this period.

Hypothetical Example for Comparison Purposes

The second line in the following table provides information about hypothetical account values and hypothetical expenses based on each Fund’s actual expense ratio and an assumed annualized rate of return of 5% per year before expenses, which is not the Fund’s actual return. The hypothetical account values and expenses may not be used to estimate the actual ending account balance or expenses you paid for the period. You may use this information to compare the ongoing costs of investing in the Funds and other funds. To do so, compare this 5% hypothetical example with the 5% hypothetical examples that appear in the shareholder reports of the other funds.

Please note that the expenses shown in the table are meant to highlight your ongoing costs only, and do not reflect any transactional costs such as sales charges and brokerage commissions. Therefore the second line in the table is useful in comparing ongoing costs only, and will not help you determine the relative total costs of owning different funds. In addition, if these transactional costs were included, your costs would have been higher.

	Beginning Account Value November 1, 2010	Ending Account Value April 30, 2011	Annualized Expense Ratio Based on the Six-Month Period	Expenses Paid During the Six-Month Period ⁽¹⁾
PowerShares Dynamic Basic Materials Sector Portfolio				
Actual	\$1,000.00	\$1,251.68	0.65%	\$3.63
Hypothetical (5% return before expenses)	\$1,000.00	\$1,021.57	0.65%	\$3.26
PowerShares Dynamic Consumer Discretionary Sector Portfolio				
Actual	\$1,000.00	\$1,179.37	0.65%	\$3.51
Hypothetical (5% return before expenses)	\$1,000.00	\$1,021.57	0.65%	\$3.26
PowerShares Dynamic Consumer Staples Sector Portfolio				
Actual	\$1,000.00	\$1,145.52	0.65%	\$3.46
Hypothetical (5% return before expenses)	\$1,000.00	\$1,021.57	0.65%	\$3.26

Fees and Expenses (Continued)

	Beginning Account Value November 1, 2010	Ending Account Value April 30, 2011	Annualized Expense Ratio Based on the Six-Month Period	Expenses Paid During the Six-Month Period ⁽¹⁾
PowerShares Dynamic Energy Sector Portfolio				
Actual	\$1,000.00	\$1,410.17	0.65%	\$3.88
Hypothetical (5% return before expenses)	\$1,000.00	\$1,021.57	0.65%	\$3.26
PowerShares Dynamic Financial Sector Portfolio				
Actual	\$1,000.00	\$1,168.45	0.65%	\$3.49
Hypothetical (5% return before expenses)	\$1,000.00	\$1,021.57	0.65%	\$3.26
PowerShares Dynamic Healthcare Sector Portfolio				
Actual	\$1,000.00	\$1,245.94	0.65%	\$3.62
Hypothetical (5% return before expenses)	\$1,000.00	\$1,021.57	0.65%	\$3.26
PowerShares Dynamic Industrials Sector Portfolio				
Actual	\$1,000.00	\$1,243.57	0.65%	\$3.62
Hypothetical (5% return before expenses)	\$1,000.00	\$1,021.57	0.65%	\$3.26
PowerShares Dynamic Technology Sector Portfolio				
Actual	\$1,000.00	\$1,154.03	0.65%	\$3.47
Hypothetical (5% return before expenses)	\$1,000.00	\$1,021.57	0.65%	\$3.26
PowerShares Dynamic Utilities Portfolio				
Actual	\$1,000.00	\$1,123.60	0.63%	\$3.32
Hypothetical (5% return before expenses)	\$1,000.00	\$1,021.67	0.63%	\$3.16
PowerShares NASDAQ Internet Portfolio				
Actual	\$1,000.00	\$1,197.41	0.60%	\$3.27
Hypothetical (5% return before expenses)	\$1,000.00	\$1,021.82	0.60%	\$3.01

- (1) Expenses are calculated using the annualized expense ratio, which represents the ongoing expenses as a percentage of net assets for the six-month period ended April 30, 2011. Expenses are calculated by multiplying the Fund's annualized expense ratio by the average account value for the period; then multiplying the result by 181 and then dividing the result by 365. Expense ratios for the most recent six-month period may differ from expense ratios based on the annualized data in the Financial Highlights.

Schedule of Investments

PowerShares Dynamic Basic Materials Sector Portfolio

April 30, 2011

Number of Shares		Value	Number of Shares		Value
	Common Stocks—100.0%			Common Stocks (Continued)	
	<i>Agricultural Chemicals—4.3%</i>			<i>Containers - Paper/Plastic—5.0%</i>	
15,907	CF Industries Holdings, Inc.	\$ 2,251,636	240,634	Graphic Packaging Holding Co.*	\$ 1,321,081
26,234	Mosaic Co. (The)	1,963,877	17,484	Rock-Tenn Co., Class A	1,207,620
		<u>4,215,513</u>	44,268	Sealed Air Corp.	1,140,786
			33,784	Sonoco Products Co.	<u>1,167,575</u>
	<i>Chemicals - Diversified—18.4%</i>				<u>4,837,062</u>
54,313	Celanese Corp., Series A	2,711,305		<i>Diversified Manufacturing Operations—3.1%</i>	
41,202	E.I. du Pont de Nemours & Co.	2,339,862		Koppers Holdings, Inc.	1,370,071
15,981	FMC Corp.	1,410,803	29,960	LSB Industries, Inc.*	<u>1,661,572</u>
37,845	Georgia Gulf Corp.*	1,490,336	41,179		<u>3,031,643</u>
28,384	Innophos Holdings, Inc.	1,315,314		<i>Gold Mining—2.5%</i>	
45,074	Innospec, Inc.*	1,697,487		Newmont Mining Corp.	<u>2,397,559</u>
25,482	PPG Industries, Inc.	2,412,381	40,907		
26,498	Rockwood Holdings, Inc.*	1,503,496		<i>Industrial Gases—2.4%</i>	
52,743	Solutia, Inc.*	1,389,778		Air Products & Chemicals, Inc.	<u>2,327,918</u>
25,971	Westlake Chemical Corp.	1,704,996	24,371		
		<u>17,975,758</u>		<i>Metal - Aluminum—2.3%</i>	
	<i>Chemicals - Plastics—1.3%</i>			Alcoa, Inc.	<u>2,270,639</u>
86,863	PolyOne Corp.	1,257,776	133,567		
	<i>Chemicals - Specialty—26.4%</i>			<i>Metal - Copper—4.4%</i>	
21,228	Albemarle Corp.	1,497,635	42,476	Freeport-McMoRan Copper & Gold, Inc.	2,337,454
33,597	Arch Chemicals, Inc.	1,299,196	52,531	Southern Copper Corp.	<u>1,967,811</u>
34,397	Balchem Corp.	1,365,217			<u>4,305,265</u>
28,666	Cabot Corp.	1,285,670		<i>Miscellaneous Manufacturing—1.4%</i>	
46,191	Ecolab, Inc.	2,437,037	25,295	AptarGroup, Inc.	<u>1,326,723</u>
77,353	Ferro Corp.*	1,160,295		<i>Non-Ferrous Metals—1.2%</i>	
57,159	H.B. Fuller Co.	1,248,924		Materion Corp.*	<u>1,207,323</u>
36,525	Kraton Performance Polymers, Inc.*	1,685,994	28,911		
20,539	Lubrizol Corp. (The)	2,762,906		<i>Paper & Related Products—12.7%</i>	
18,894	Minerals Technologies, Inc.	1,284,792		Boise, Inc.	1,387,114
9,555	NewMarket Corp.	1,761,178	141,254	Buckeye Technologies, Inc.	1,303,611
33,719	OM Group, Inc.*	1,221,977	46,293	Clearwater Paper Corp.*	1,181,595
31,538	Quaker Chemical Corp.	1,424,887	15,056	Domtar Corp.	1,280,514
36,275	Sensient Technologies Corp.	1,374,460	13,766	International Paper Co.	2,450,019
35,424	Sigma-Aldrich Corp.	2,500,226	79,340	KapStone Paper and Packaging Corp.*	1,222,926
32,251	W.R. Grace & Co.*	1,462,905	70,364	MeadWestvaco Corp.	1,377,955
		<u>25,773,299</u>	40,901	Mercer International, Inc.*	1,085,832
	<i>Coatings/Paint—3.8%</i>		89,222	Schweitzer-Mauduit International, Inc.	<u>1,137,473</u>
24,373	Kronos Worldwide, Inc.	1,500,402	21,942		<u>12,427,039</u>
27,268	Sherwin-Williams Co. (The)	2,243,884		<i>Petrochemicals—1.8%</i>	
		<u>3,744,286</u>	43,107	TPC Group, Inc.*	<u>1,700,140</u>
	<i>Containers - Metal/Glass—6.3%</i>			<i>Quarrying—1.3%</i>	
61,714	Ball Corp.	2,302,549		Compass Minerals International, Inc.	<u>1,289,233</u>
31,554	Crown Holdings, Inc.*	1,180,120	13,208		
18,814	Greif, Inc., Class A	1,168,349		<i>Water Treatment Systems—1.4%</i>	
33,038	Silgan Holdings, Inc.	1,515,123	47,213	Nalco Holding Co.	<u>1,379,092</u>
		<u>6,166,141</u>			
				Total Common Stocks	
				(Cost \$76,995,897)	<u>97,632,409</u>

See Notes to Financial Statements.

Schedule of Investments (Continued)

PowerShares Dynamic Basic Materials Sector Portfolio

April 30, 2011

<u>Number of Shares</u>		<u>Value</u>
	Money Market Fund—0.1%	
90,855	Goldman Sachs Financial Square Prime Obligations Institutional Share Class (Cost \$90,855)	<u>\$ 90,855</u>
	Total Investments	
	(Cost \$77,086,752)—100.1%	97,723,264
	Liabilities in excess of other assets—(0.1%)	<u>(132,064)</u>
	Net Assets—100.0%	<u><u>\$97,591,200</u></u>

Notes to Schedule of Investments:

* Non-income producing security.

See Notes to Financial Statements.

Schedule of Investments

PowerShares Dynamic Consumer Discretionary Sector Portfolio

April 30, 2011

Number of Shares		Value	Number of Shares		Value
Common Stocks—100.0%			Common Stocks (Continued)		
<i>Advertising—2.1%</i>			<i>Machinery - Diversified—1.3%</i>		
21,017	Harte-Hanks, Inc.	\$ 195,248	2,910	Middleby Corp. (The)*	\$ 260,940
20,833	Interpublic Group of Cos., Inc. (The)	244,788			
		<u>440,036</u>	19,055	<i>Media—6.2%</i>	
	<i>Airlines—2.7%</i>		27,888	Comcast Corp., Class A	500,003
4,422	Alaska Air Group, Inc.*	291,277	6,752	E.W. Scripps Co. (The), Class A*	264,936
16,648	SkyWest, Inc.	275,191		Time Warner Cable, Inc.	527,534
		<u>566,468</u>			<u>1,292,473</u>
	<i>Apparel—6.5%</i>			<i>Retail—52.7%</i>	
8,826	Coach, Inc.	527,883	17,071	American Eagle Outfitters, Inc.	265,625
3,832	Polo Ralph Lauren Corp.	501,111	10,980	Ann, Inc.*	342,686
7,196	Timberland Co. (The), Class A*	325,187	8,374	Ascena Retail Group, Inc.*	262,023
		<u>1,354,181</u>	10,057	Bed Bath & Beyond, Inc.*	564,399
	<i>Auto Manufacturers—2.2%</i>		625	Biglari Holdings, Inc.*	273,275
14,439	General Motors Co.*	463,347	8,447	Bob Evans Farms, Inc.	264,898
			10,994	Brinker International, Inc.	264,845
	<i>Auto Parts & Equipment—7.1%</i>		6,836	Buckle, Inc. (The)	310,970
3,525	Autoliv, Inc.	282,458	11,278	Collective Brands, Inc.*	236,838
4,928	Lear Corp.	252,018	5,231	Cracker Barrel Old Country Store, Inc.	267,984
13,286	Superior Industries International, Inc.	335,737	6,241	Dillard's, Inc., Class A	299,693
4,541	TRW Automotive Holdings Corp.*	259,110	5,189	Dollar Tree, Inc.*	298,368
4,467	WABCO Holdings, Inc.*	329,888	14,460	Express, Inc.*	312,191
		<u>1,459,211</u>	13,576	Foot Locker, Inc.	292,156
	<i>Commercial Services—6.1%</i>		21,157	Gap, Inc. (The)	491,689
5,721	Apollo Group, Inc., Class A*	229,012	11,828	Jack in the Box, Inc.*	244,248
6,526	Arbitron, Inc.	252,426	14,889	Limited Brands, Inc.	612,831
14,232	Bridgepoint Education, Inc.*	249,772	6,466	McDonald's Corp.	506,352
7,948	Rent-A-Center, Inc.	242,016	10,580	Nordstrom, Inc.	503,079
34,321	Stewart Enterprises, Inc., Class A	278,343	9,030	Papa John's International, Inc.*	271,442
		<u>1,251,569</u>	18,799	Pep Boys - Manny, Moe & Jack (The)	257,546
	<i>Distribution/Wholesale—1.6%</i>		6,361	PetSmart, Inc.	268,243
3,363	Fossil, Inc.*	322,108	26,776	Pier 1 Imports, Inc.*	326,132
			6,699	Ross Stores, Inc.	493,649
	<i>Entertainment—1.3%</i>		29,325	Sonic Corp.*	329,027
6,404	Churchill Downs, Inc.	267,111	14,808	Starbucks Corp.	535,902
			9,193	Target Corp.	451,376
	<i>Home Furnishings—1.7%</i>		9,562	TJX Cos., Inc. (The)	512,714
5,559	Tempur-Pedic International, Inc.*	348,994	7,184	Williams-Sonoma, Inc.	311,857
			9,624	Yum! Brands, Inc.	516,231
	<i>Household Products/Wares—1.5%</i>				<u>10,888,269</u>
4,849	Tupperware Brands Corp.	308,736		<i>Textiles—1.2%</i>	
			4,639	UniFirst Corp.	240,115
	<i>Housewares—1.2%</i>			Total Common Stocks	
13,485	Newell Rubbermaid, Inc.	257,024		(Cost \$17,949,333)	<u>20,658,135</u>
	<i>Internet—2.8%</i>				
1,044	Priceline.com, Inc.*	571,078			
	<i>Leisure Time—1.8%</i>				
3,476	Polaris Industries, Inc.	366,475			

See Notes to Financial Statements.

Schedule of Investments (Continued)

PowerShares Dynamic Consumer Discretionary Sector Portfolio

April 30, 2011

<u>Number of Shares</u>		<u>Value</u>
	Money Market Fund—0.3%	
56,651	Goldman Sachs Financial Square Prime Obligations Institutional Share Class (Cost \$56,651)	<u>\$ 56,651</u>
	Total Investments	
	(Cost \$18,005,984)—100.3%	20,714,786
	Liabilities in excess of other assets—(0.3%)	<u>(58,015)</u>
	Net Assets—100.0%	<u><u>\$20,656,771</u></u>

Notes to Schedule of Investments:

* Non-income producing security.

See Notes to Financial Statements.

Schedule of Investments

PowerShares Dynamic Consumer Staples Sector Portfolio

April 30, 2011

Number of Shares		Value	Number of Shares		Value
Common Stocks—100.0%			Common Stocks (Continued)		
<i>Agriculture—11.3%</i>					
38,041	Altria Group, Inc.	\$ 1,021,021	22,550	Seaboard Corp.	\$ 541,849
25,660	Archer-Daniels-Midland Co.	949,933	27,366	Smithfield Foods, Inc.*	531,278
15,239	Philip Morris International, Inc.	1,058,196	13,150	Tyson Foods, Inc., Class A	544,583
27,919	Reynolds American, Inc.	1,036,074	8,922	Weis Markets, Inc.	542,701
12,387	Universal Corp.	537,348		Whole Foods Market, Inc.	559,945
		<u>4,602,572</u>			<u>13,796,189</u>
<i>Beverages—14.7%</i>			<i>Household Products/Wares—5.1%</i>		
5,645	Boston Beer Co., Inc., Class A*	532,098	6,918	Church & Dwight Co., Inc.	570,597
7,511	Brown-Forman Corp., Class B	539,741	14,541	Kimberly-Clark Corp.	960,578
9,274	Coca-Cola Bottling Co. Consolidated	653,353	12,732	WD-40 Co.	528,378
14,752	Coca-Cola Co. (The)	995,170			<u>2,059,553</u>
19,435	Coca-Cola Enterprises, Inc.	552,148		<i>Pharmaceuticals—4.2%</i>	
25,388	Constellation Brands, Inc., Class A*	568,437	6,603	Herbalife Ltd. (Cayman Islands)	592,817
14,175	Dr Pepper Snapple Group, Inc.	555,660	8,507	Mead Johnson Nutrition Co.	568,948
8,752	Hansen Natural Corp.*	578,945	14,608	USANA Health Sciences, Inc.*	544,879
14,917	PepsiCo, Inc.	1,027,632			<u>1,706,644</u>
		<u>6,003,184</u>		<i>Retail—16.6%</i>	
<i>Cosmetics/Personal Care—11.4%</i>			10,638	BJ's Wholesale Club, Inc.*	545,942
12,127	Colgate-Palmolive Co.	1,022,913	12,333	Casey's General Stores, Inc.	481,357
17,167	Elizabeth Arden, Inc.*	516,040	12,895	Costco Wholesale Corp.	1,043,463
10,177	Estee Lauder Cos., Inc. (The), Class A	987,169	28,798	CVS Caremark Corp.	1,043,640
28,264	Inter Parfums, Inc.	537,864	16,173	Nu Skin Enterprises, Inc., Class A	518,992
15,099	Procter & Gamble Co. (The)	979,925	14,428	PriceSmart, Inc.	600,782
35,033	Revlon, Inc., Class A*	603,268	39,180	Sally Beauty Holdings, Inc.*	579,472
		<u>4,647,179</u>	22,548	Walgreen Co.	963,251
			18,334	Wal-Mart Stores, Inc.	1,008,003
<i>Electrical Components & Equipment—1.4%</i>					<u>6,784,902</u>
7,543	Energizer Holdings, Inc.*	569,723		Total Common Stocks	
				(Cost \$32,737,053)	
<i>Environmental Control—1.5%</i>					<u>40,761,315</u>
36,572	Darling International, Inc.*	591,369		Money Market Fund—0.1%	
<i>Food—33.8%</i>			53,774	Goldman Sachs Financial Square Prime Obligations Institutional Share Class	
35,936	B&G Foods, Inc.	649,723		(Cost \$53,774)	53,774
22,452	ConAgra Foods, Inc.	548,951		Total Investments	
10,575	Corn Products International, Inc.	582,683		(Cost \$32,790,827)—100.1%	
19,211	Flowers Foods, Inc.	587,088		Liabilities in excess of other assets—(0.1%)	
18,656	Fresh Del Monte Produce, Inc.	505,764		<u>(43,319)</u>	
25,545	General Mills, Inc.	985,526		Net Assets—100.0%	
10,328	H.J. Heinz Co.	529,103		<u><u>\$40,771,770</u></u>	
17,346	Hain Celestial Group, Inc. (The)*	589,937			
9,940	Hershey Co. (The)	573,637			
19,020	Hormel Foods Corp.	559,378			
7,537	J.M. Smucker Co. (The)	565,803			
17,850	Kellogg Co.	1,022,270			
22,589	Kroger Co. (The)	549,139			
8,974	Lancaster Colony Corp.	548,401			
10,908	McCormick & Co., Inc.	535,801			
14,002	Ruddick Corp.	581,363			
23,974	Safeway, Inc.	582,808			
30,128	Sara Lee Corp.	578,458			

Notes to Schedule of Investments:
* Non-income producing security.

See Notes to Financial Statements.

Schedule of Investments

PowerShares Dynamic Energy Sector Portfolio

April 30, 2011

Number of Shares		Value	Number of Shares		Value
Common Stocks and Other Equity Interests—99.9%			Common Stocks and Other Equity Interests (Continued)		
<i>Coal—9.1%</i>			<i>Oil Field Machinery & Equipment—6.2%</i>		
44,910	Alliance Holdings GP LP	\$ 2,346,548	86,894	Complete Production Services, Inc.*	\$ 2,949,182
45,015	Alpha Natural Resources, Inc.*	2,618,523	97,365	FMC Technologies, Inc.*	4,525,525
73,654	Arch Coal, Inc.	2,526,332	56,495	National Oilwell Varco, Inc.	4,332,602
123,993	Cloud Peak Energy, Inc.*	2,581,534			11,807,309
69,065	Peabody Energy Corp.	4,614,923		<i>Oil Refining & Marketing—5.2%</i>	
20,490	Walter Energy, Inc.	2,832,128	130,712	CVR Energy, Inc.*	2,905,728
		17,519,988	157,914	Valero Energy Corp.	4,468,966
	<i>Electric - Integrated—1.4%</i>		152,417	Western Refining, Inc.*	2,584,992
83,902	NorthWestern Corp.	2,731,010			9,959,686
	<i>Gas - Distribution—14.4%</i>			<i>Oil - Field Services—7.7%</i>	
72,932	Atmos Energy Corp.	2,544,597	127,136	Basic Energy Services, Inc.*	3,908,161
40,357	Energen Corp.	2,623,609	95,899	Halliburton Co.	4,840,981
63,437	Laclede Group, Inc. (The)	2,434,078	130,022	RPC, Inc.	3,517,095
129,818	NiSource, Inc.	2,524,960	25,599	SEACOR Holdings, Inc.	2,529,949
139,062	Questar Corp.	2,443,319			14,796,186
84,408	Sempra Energy	4,650,881		<i>Pipelines—14.4%</i>	
87,113	Southern Union Co.	2,604,679	156,192	Atlas Energy LP	4,164,079
63,192	Southwest Gas Corp.	2,513,146	85,446	Atlas Pipeline Partners LP	3,158,084
76,854	UGI Corp.	2,559,238	96,094	Chesapeake Midstream Partners LP*	2,674,296
93,752	Vectren Corp.	2,679,432	243,918	El Paso Corp.	4,734,448
		27,577,939	66,976	NuStar GP Holdings LLC	2,654,259
	<i>Oil & Gas Drilling—5.0%</i>		38,430	ONEOK, Inc.	2,687,794
58,119	Diamond Offshore Drilling, Inc.	4,409,489	171,094	Spectra Energy Corp.	4,968,570
37,975	Helmerich & Payne, Inc.	2,519,261	68,697	Western Gas Partners LP	2,521,180
41,331	Unit Corp.*	2,604,680			27,562,710
		9,533,430	59,479	<i>Retail - Petroleum Products—1.2%</i>	
	<i>Oil Companies - Exploration & Production—16.9%</i>			World Fuel Services Corp.	2,354,179
47,945	Berry Petroleum Co., Class A	2,547,318		<i>Seismic Data Collection—2.4%</i>	
110,413	BreitBurn Energy Partners LP	2,452,273	198,872	ION Geophysical Corp.*	2,513,742
24,247	Clayton Williams Energy, Inc.*	2,196,051	23,432	OYO Geospace Corp.*	2,185,737
40,064	Contango Oil & Gas Co.*	2,480,763			4,699,479
150,184	Energy Partners Ltd.*	2,734,851		<i>Transportation - Services—1.2%</i>	
83,702	Gulfport Energy Corp.*	2,849,216	51,154	Bristow Group, Inc.*	2,373,545
43,744	Occidental Petroleum Corp.	4,999,502		Total Common Stocks and Other Equity Interests	
281,791	PetroQuest Energy, Inc.*	2,468,489		(Cost \$160,457,181)	191,780,626
156,989	Quicksilver Resources, Inc.*	2,331,287		Money Market Fund—0.1%	
310,218	VAALCO Energy, Inc.*	2,162,219	167,030	Goldman Sachs Financial Square Prime Obligations Institutional Share Class	
96,888	W&T Offshore, Inc.	2,597,567		(Cost \$167,030)	167,030
37,605	Whiting Petroleum Corp.*	2,613,547		Total Investments	
		32,433,083		(Cost \$160,624,211)—100.0%	191,947,656
	<i>Oil Companies - Integrated—14.8%</i>			Liabilities in excess of other assets—(0.0%)	(44,811)
44,172	Chevron Corp.	4,834,184		Net Assets—100.0%	\$191,902,845
58,361	ConocoPhillips	4,606,434			
52,849	Exxon Mobil Corp.	4,650,712			
53,186	Hess Corp.	4,571,869			
92,759	Marathon Oil Corp.	5,012,696			
61,386	Murphy Oil Corp.	4,756,187			
		28,432,082			

See Notes to Financial Statements.

Notes to Schedule of Investments:
* Non-income producing security.

Schedule of Investments

PowerShares Dynamic Financial Sector Portfolio

April 30, 2011

Number of Shares		Value	Number of Shares		Value
Common Stocks and Other Equity Interests—100.0%			Common Stocks and Other Equity Interests (Continued)		
<i>Commercial Banks - Central U.S.—4.1%</i>			<i>Investment Management/Advisor Services—12.6%</i>		
5,871	BOK Financial Corp.	\$ 315,743	2,806	Affiliated Managers Group, Inc.*	\$ 306,078
7,502	Commerce Bancshares, Inc.	319,285	8,697	Ameriprise Financial, Inc.	539,736
15,768	International Bancshares Corp.	277,832	10,971	Federated Investors, Inc., Class B	282,832
		<u>912,860</u>	4,421	Franklin Resources, Inc.	570,840
			18,635	Och-Ziff Capital Management Group LLC, Class A	299,464
<i>Commercial Banks - Eastern U.S.—6.4%</i>				T. Rowe Price Group, Inc.	528,778
39,339	CapitalSource, Inc.	262,785	8,230	Waddell & Reed Financial, Inc., Class A	298,963
11,170	Independent Bank Corp.	327,393	7,290		<u>2,826,691</u>
6,235	M&T Bank Corp.	550,987		<i>Life/Health Insurance—11.2%</i>	
13,444	NBT Bancorp, Inc.	303,834		Aflac, Inc.	536,502
		<u>1,444,999</u>	9,548	FBL Financial Group, Inc., Class A	298,229
<i>Commercial Banks - Southern U.S.—1.3%</i>				Protective Life Corp.	286,538
8,727	City Holding Co.	297,591	10,648	Prudential Financial, Inc.	540,972
			8,530	Torchmark Corp.	312,182
<i>Commercial Services - Finance—2.8%</i>				Unum Group	549,857
15,666	Cardtronics, Inc.*	332,902	4,665		<u>2,524,280</u>
12,987	SEI Investments Co.	290,000	20,765	<i>Multi-line Insurance—6.6%</i>	
		<u>622,902</u>		American Financial Group, Inc.	312,308
<i>Diversified Operations—2.9%</i>				Horace Mann Educators Corp.	316,279
16,748	Leucadia National Corp.	647,478	8,731	Loews Corp.	569,759
			17,689	United Fire & Casualty Co.	290,090
<i>Fiduciary Banks—2.6%</i>					<u>1,488,436</u>
12,328	State Street Corp.	573,868	12,873	<i>Private Equity—1.2%</i>	
			14,651	Fortress Investment Group LLC, Class A*	280,593
<i>Finance - Auto Loans—1.5%</i>				<i>Property/Casualty Insurance—21.0%</i>	
4,268	Credit Acceptance Corp.*	345,281	45,477	AmTrust Financial Services, Inc.	301,292
			15,611	Chubb Corp. (The)	599,096
<i>Finance - Commercial—1.5%</i>				Harleysville Group, Inc.	267,323
28,343	NewStar Financial, Inc.*	338,699	9,190	HCC Insurance Holdings, Inc.	311,961
			8,333	Infinity Property & Casualty Corp.	289,413
<i>Finance - Consumer Loans—1.5%</i>				Markel Corp.*	305,866
5,000	World Acceptance Corp.*	339,750	9,587	Meadowbrook Insurance Group, Inc.	299,571
			4,897	ProAssurance Corp.*	311,150
<i>Finance - Credit Card—2.8%</i>				Progressive Corp. (The)	592,994
25,310	Discover Financial Services	628,700	733	RLI Corp.	310,181
			29,255	Safety Insurance Group, Inc.	293,374
<i>Finance - Investment Banker/Broker—1.3%</i>				Tower Group, Inc.	252,256
7,935	Raymond James Financial, Inc.	297,563	4,686	Travelers Cos., Inc. (The)	586,416
			27,028		<u>4,720,893</u>
<i>Finance - Other Services—2.9%</i>				<i>Real Estate Management/Services—4.0%</i>	
31,330	BGC Partners, Inc., Class A	302,335	5,236	CB Richard Ellis Group, Inc., Class A*	592,508
13,987	MarketAxess Holdings, Inc.	340,583	6,266	Jones Lang LaSalle, Inc.	315,228
		<u>642,918</u>	11,030		<u>907,736</u>
<i>Insurance Brokers—4.0%</i>					
9,651	Arthur J. Gallagher & Co.	287,407	9,267		
11,450	Brown & Brown, Inc.	295,982			
4,362	Erie Indemnity Co., Class A	315,940	22,183		
		<u>899,329</u>	3,079		

See Notes to Financial Statements.

Schedule of Investments (Continued)

PowerShares Dynamic Financial Sector Portfolio

April 30, 2011

Number of Shares		Value
	Common Stocks and Other Equity Interests (Continued)	
	<i>Reinsurance—4.0%</i>	
8,313	Axis Capital Holdings Ltd. (Bermuda)	\$ 293,947
5,063	Reinsurance Group of America, Inc.	320,488
5,975	Transatlantic Holdings, Inc.	294,508
		<u>908,943</u>
	<i>REITs - Diversified—1.5%</i>	
4,946	Rayonier, Inc. REIT	<u>328,217</u>
	<i>Super - Regional Banks - U.S.—2.3%</i>	
20,071	U.S. Bancorp	<u>518,233</u>
	Total Common Stocks and Other Equity Interests	
	(Cost \$19,463,730)	<u>22,495,960</u>
	Money Market Fund—0.3%	
67,908	Goldman Sachs Financial Square Prime Obligations Institutional Share Class (Cost \$67,908)	<u>67,908</u>
	Total Investments	
	(Cost \$19,531,638)—100.3%	22,563,868
	Liabilities in excess of other assets—(0.3%)	<u>(71,394)</u>
	Net Assets—100.0%	<u>\$22,492,474</u>

Investment Abbreviations:

REIT—Real Estate Investment Trust

Notes to Schedule of Investments:

* Non-income producing security.

See Notes to Financial Statements.

Schedule of Investments

PowerShares Dynamic Healthcare Sector Portfolio

April 30, 2011

Number of Shares		Value	Number of Shares		Value
Common Stocks—100.0%			Common Stocks (Continued)		
<i>Biotechnology—8.2%</i>					
26,966	Amgen, Inc.*	\$ 1,533,017	21,870	Molina Healthcare, Inc.*	\$ 940,410
20,793	Biogen Idec, Inc.*	2,024,199	24,869	Quest Diagnostics, Inc.	1,402,114
44,459	Medicines Co. (The)*	698,006	57,110	Skilled Healthcare Group, Inc., Class A*	692,173
41,619	Myriad Genetics, Inc.*	892,311	74,851	Sunrise Senior Living, Inc.*	776,953
			33,144	UnitedHealth Group, Inc.	1,631,679
			17,000	Universal Health Services, Inc., Class B	931,260
		<u>5,147,533</u>	21,187	WellPoint, Inc.	1,626,950
<i>Commercial Services—5.3%</i>					
11,786	Chemed Corp.	820,659			<u>22,142,409</u>
15,561	CorVel Corp.*	806,060	<i>Pharmaceuticals—21.6%</i>		
27,201	Pharmaceutical Product Development, Inc.	839,151	37,692	AmerisourceBergen Corp.	1,531,803
42,493	Team Health Holdings, Inc.*	844,761	41,340	Eli Lilly & Co.	1,529,993
		<u>3,310,631</u>	22,411	Endo Pharmaceuticals Holdings, Inc.*	877,615
<i>Distribution/Wholesale—1.4%</i>			25,425	Express Scripts, Inc.*	1,442,614
24,732	Owens & Minor, Inc.	852,017	44,206	Forest Laboratories, Inc.*	1,465,871
<i>Electronics—5.1%</i>			36,904	Impax Laboratories, Inc.*	1,010,432
25,365	Thermo Fisher Scientific, Inc.*	1,521,646	31,401	Jazz Pharmaceuticals, Inc.*	1,002,006
17,095	Waters Corp.*	1,675,310	24,574	Par Pharmaceutical Cos., Inc.*	846,329
		<u>3,196,956</u>	10,131	Perrigo Co.	915,437
<i>Healthcare - Products—20.7%</i>			60,961	Questcor Pharmaceuticals, Inc.*	1,249,700
12,488	Cooper Cos., Inc. (The)	935,351	43,851	ViroPharma, Inc.*	845,886
23,260	Cyberonics, Inc.*	827,358	13,813	Watson Pharmaceuticals, Inc.*	856,682
11,073	Henry Schein, Inc.*	809,104			<u>13,574,368</u>
20,188	Hill-Rom Holdings, Inc.	908,662	14,197	<i>Software—2.5%</i>	
37,388	Hologic, Inc.*	823,284	29,703	Computer Programs & Systems, Inc.	834,642
9,900	IDEXX Laboratories, Inc.*	806,157		Medidata Solutions, Inc.*	762,476
39,179	Immucor, Inc.*	855,278			<u>1,597,118</u>
15,527	Integra LifeSciences Holdings Corp.*	812,217		Total Common Stocks	
16,239	Kinetic Concepts, Inc.*	958,588		(Cost \$50,770,644)	<u>62,851,684</u>
23,231	Patterson Cos., Inc.	806,348		Money Market Fund—0.2%	
29,784	PSS World Medical, Inc.*	856,588	94,927	Goldman Sachs Financial Square Prime	
15,283	Sirona Dental Systems, Inc.*	872,201		Obligations Institutional Share Class	
22,349	Stryker Corp.	1,318,591		(Cost \$94,927)	94,927
20,526	Varian Medical Systems, Inc.*	1,440,925		Total Investments	
		<u>13,030,652</u>		(Cost \$50,865,571)—100.2%	62,946,611
<i>Healthcare - Services—35.2%</i>				Liabilities in excess of other assets—(0.2%)	(124,678)
37,754	Aetna, Inc.	1,562,260		Net Assets—100.0%	<u>\$62,821,933</u>
13,438	Air Methods Corp.*	908,678			
13,277	AMERIGROUP Corp.*	906,819			
25,453	Centene Corp.*	922,162			
33,564	CIGNA Corp.	1,571,802			
19,242	Community Health Systems, Inc.*	591,307			
25,555	Coventry Health Care, Inc.*	824,660			
25,064	Ensign Group, Inc. (The)	693,270			
80,493	Health Management Associates, Inc., Class A*	907,961			
25,882	Health Net, Inc.*	861,871			
20,565	Healthspring, Inc.*	853,242			
22,513	Humana, Inc.*	1,713,690			
19,165	IPC The Hospitalist Co., Inc.*	993,897			
15,941	Magellan Health Services, Inc.*	829,251			

Notes to Schedule of Investments:
* Non-income producing security.

See Notes to Financial Statements.

Schedule of Investments (Continued)

PowerShares Dynamic Industrials Sector Portfolio

April 30, 2011

<u>Number of Shares</u>		<u>Value</u>
	Money Market Fund—0.1%	
96,537	Goldman Sachs Financial Square Prime Obligations Institutional Share Class (Cost \$96,537)	<u>\$ 96,537</u>
	Total Investments	
	(Cost \$103,487,610)—100.1%	113,720,443
	Liabilities in excess of other assets—(0.1%)	<u>(91,726)</u>
	Net Assets—100.0%	<u><u>\$113,628,717</u></u>

Notes to Schedule of Investments:

* Non-income producing security.

See Notes to Financial Statements.

Schedule of Investments

PowerShares Dynamic Technology Sector Portfolio

April 30, 2011

Number of Shares		Value	Number of Shares		Value
Common Stocks—100.0%			Common Stocks (Continued)		
<i>Commercial Services—15.8%</i>			<i>Semiconductors—13.1%</i>		
24,965	Automatic Data Processing, Inc.	\$ 1,356,848	76,831	Applied Materials, Inc.	\$ 1,205,478
31,160	ExlService Holdings, Inc.*	645,635	25,296	KLA-Tencor Corp.	1,110,494
17,919	Gartner, Inc.*	768,904	22,376	Lam Research Corp.*	1,080,985
20,046	Lender Processing Services, Inc.	589,954	105,226	LSI Corp.*	771,307
9,149	MAXIMUS, Inc.	731,829	16,763	Novellus Systems, Inc.*	538,092
37,474	Paychex, Inc.	1,225,775	34,770	Texas Instruments, Inc.	1,235,378
29,616	TeleTech Holdings, Inc.*	588,470	14,013	Varian Semiconductor Equipment Associates, Inc.*	587,565
38,318	Total System Services, Inc.	722,294			
57,022	Western Union Co. (The)	1,211,717			6,529,299
		<u>7,841,426</u>			
<i>Computers—21.6%</i>			<i>Software—19.6%</i>		
3,557	Apple, Inc.*	1,238,654	21,998	ACI Worldwide, Inc.*	726,814
11,566	CACI International, Inc., Class A*	706,798	12,100	ANSYS, Inc.*	669,009
68,376	Cadence Design Systems, Inc.*	709,743	25,312	BMC Software, Inc.*	1,271,422
13,212	DST Systems, Inc.	651,484	50,061	CA, Inc.	1,231,000
37,365	Insight Enterprises, Inc.*	641,184	19,659	Fiserv, Inc.*	1,205,293
7,632	International Business Machines Corp.	1,301,867	19,604	Interactive Intelligence, Inc.*	733,582
21,257	Jack Henry & Associates, Inc.	722,100	46,648	Microsoft Corp.	1,213,781
105,555	Magma Design Automation, Inc.*	671,330	22,823	Progress Software Corp.*	676,702
14,258	MICROS Systems, Inc.*	741,701	25,320	Quest Software, Inc.*	652,243
15,137	MTS Systems Corp.	670,115	13,026	Solera Holdings, Inc.	716,430
35,314	NCR Corp.*	699,570	20,058	Verint Systems, Inc.*	686,585
26,968	NetScout Systems, Inc.*	690,111			<u>9,782,861</u>
32,093	Spansion, Inc., Class A*	632,232		<i>Telecommunications—6.3%</i>	
12,807	Syntel, Inc.	700,287	17,488	Black Box Corp.	611,031
		<u>10,777,176</u>	13,966	InterDigital, Inc.	646,486
			8,538	Loral Space & Communications, Inc.*	596,806
53,915	Brightpoint, Inc.*	545,620	26,618	NeuStar, Inc., Class A*	715,758
33,811	Ingram Micro, Inc., Class A*	633,280	87,848	RF Micro Devices, Inc.*	585,068
		<u>1,178,900</u>			<u>3,155,149</u>
<i>Electronics—15.4%</i>			Total Common Stocks		
29,238	Agilent Technologies, Inc.*	1,459,269	(Cost \$44,889,062)		<u>49,803,997</u>
42,621	AVX Corp.	695,148			
19,963	FEI Co.*	647,999			
21,969	Measurement Specialties, Inc.*	764,082			
23,704	Multi-Fineline Electronix, Inc.*	631,238			
41,369	Newport Corp.*	774,841			
34,702	TE Connectivity Ltd. (Switzerland)	1,244,067			
38,167	TTM Technologies, Inc.*	729,753			
37,931	Vishay Intertechnology, Inc.*	723,723			
		<u>7,670,120</u>			
<i>Internet—4.4%</i>					
68,238	Symantec Corp.*	1,340,877			
27,484	TIBCO Software, Inc.*	824,245			
		<u>2,165,122</u>			
<i>Media—1.4%</i>					
6,434	FactSet Research Systems, Inc.	703,944			
		<u>703,944</u>			
			Money Market Fund—0.2%		
			67,262	Goldman Sachs Financial Square Prime Obligations Institutional Share Class (Cost \$67,262)	<u>67,262</u>
			Total Investments		
			(Cost \$44,956,324)—100.2%		<u>49,871,259</u>
			Liabilities in excess of other assets—(0.2%)		<u>(77,860)</u>
			Net Assets—100.0%		<u>\$49,793,399</u>

Notes to Schedule of Investments:
* Non-income producing security.

See Notes to Financial Statements.

Schedule of Investments

PowerShares Dynamic Utilities Portfolio

April 30, 2011

Number of Shares		Value	Number of Shares		Value
Common Stocks—100.0%			Common Stocks (Continued)		
<i>Broadcast Services/Program—1.4%</i>			<i>Electronic Measuring Instruments—1.2%</i>		
14,096	Liberty Global, Inc., Class A*	\$ 655,464	12,336	Trimble Navigation Ltd.*	\$ 577,818
<i>Cable/Satellite TV—7.5%</i>			<i>Gas - Distribution—7.7%</i>		
43,900	Comcast Corp., Class A	1,151,936	17,866	Atmos Energy Corp.	623,345
24,088	DIRECTV, Class A*	1,170,436	15,540	Laclede Group, Inc. (The)	596,270
15,553	Time Warner Cable, Inc.	1,215,156	20,753	Sempra Energy	1,143,490
		3,537,528	15,480	Southwest Gas Corp.	615,640
			22,966	Vectren Corp.	656,368
<i>Cellular Telecommunications—6.9%</i>					3,635,113
42,710	MetroPCS Communications, Inc.*	718,809	<i>Independent Power Producer—1.3%</i>		
14,203	NII Holdings, Inc.*	590,561	<i>GenOn Energy, Inc.*</i>		
257,208	Sprint Nextel Corp.*	1,332,338	154,126		605,715
12,143	United States Cellular Corp.*	597,921		<i>Internet Connectivity Services—1.3%</i>	
		3,239,629	9,057	AboveNet, Inc.	604,555
<i>Electric - Integrated—50.5%</i>			<i>Telecommunication Equipment—2.7%</i>		
16,044	ALLETE, Inc.	649,622	<i>Comtech Telecommunications Corp.</i>		
15,608	Alliant Energy Corp.	617,140	22,237	Plantronics, Inc.	629,307
21,898	Ameren Corp.	641,830	17,422		645,833
31,429	American Electric Power Co., Inc.	1,146,530			1,275,140
31,502	CMS Energy Corp.	623,740	<i>Telecommunication Services—4.6%</i>		
22,439	Consolidated Edison, Inc.	1,169,521	38,556	Global Crossing Ltd.*	901,439
24,642	Dominion Resources, Inc.	1,143,882	35,016	Neutral Tandem, Inc.*	535,395
23,267	DPL, Inc.	704,757	140,474	Vonage Holdings Corp.*	724,846
12,827	DTE Energy Co.	648,148			2,161,680
62,044	Duke Energy Corp.	1,157,121	<i>Telephone - Integrated—9.0%</i>		
30,790	Edison International	1,209,123	<i>AT&T, Inc.</i>		
21,709	El Paso Electric Co.*	672,545	39,409	General Communication, Inc., Class A*	1,226,408
27,964	Empire District Electric Co. (The)	627,512	50,429	IDT Corp., Class B	579,934
15,576	Entergy Corp.	1,085,959	22,853	Telephone & Data Systems, Inc.	662,508
26,857	Exelon Corp.	1,132,023	17,946	Verizon Communications, Inc.	602,268
31,436	Great Plains Energy, Inc.	646,953	30,822		1,164,455
25,078	Hawaiian Electric Industries, Inc.	639,238			4,235,573
14,749	MGE Energy, Inc.	619,606	<i>Water—1.4%</i>		
17,935	Northeast Utilities	638,486	22,018	American Water Works Co., Inc.	646,889
20,554	NorthWestern Corp.	669,033	<i>Wireless Equipment—3.2%</i>		
41,192	NV Energy, Inc.	625,706	<i>Powerwave Technologies, Inc.*</i>		
32,698	Pepco Holdings, Inc.	630,090	158,587	TeleNav, Inc.*	724,743
45,073	PNM Resources, Inc.	690,969	56,111		761,987
26,190	Portland General Electric Co.	653,702			1,486,730
34,079	Public Service Enterprise Group, Inc.	1,096,321	Total Common Stocks		
29,133	Southern Co.	1,137,352	(Cost \$41,968,322)		
16,782	Unisource Energy Corp.	623,116			
23,277	Westar Energy, Inc.	633,367			
20,494	Wisconsin Energy Corp.	639,618			
25,299	Xcel Energy, Inc.	615,525			
		23,788,535			
<i>Electric - Transmission—1.3%</i>					
8,892	ITC Holdings Corp.	630,709			

See Notes to Financial Statements.

Schedule of Investments (Continued)

PowerShares Dynamic Utilities Portfolio

April 30, 2011

<u>Number of Shares</u>		<u>Value</u>
	Money Market Fund—0.0%	
28,793	Goldman Sachs Financial Square Prime Obligations Institutional Share Class (Cost \$28,793)	<u>\$ 28,793</u>
	Total Investments	
	(Cost \$41,997,115)—100.0%	47,109,871
	Liabilities in excess of other assets—(0.0%)	<u>(21,030)</u>
	Net Assets—100.0%	<u><u>\$47,088,841</u></u>

Notes to Schedule of Investments:

* Non-income producing security.

See Notes to Financial Statements.

Schedule of Investments

PowerShares NASDAQ Internet Portfolio

April 30, 2011

Number of Shares		Value	Number of Shares		Value
	Common Stocks and Other Equity Interests—100.0%			Common Stocks and Other Equity Interests (Continued)	
	<i>Computer Services—0.3%</i>			RealNetworks, Inc.*	\$ 117,320
11,873	LivePerson, Inc.*	\$ 158,623	31,708	Vocus, Inc.*	135,113
					<u>567,983</u>
	<i>E-Commerce/Products—11.8%</i>			<i>Internet Connectivity Services—0.6%</i>	
18,630	Amazon.com, Inc.*	3,660,795		Cogent Communications Group, Inc.*	155,460
3,348	Blue Nile, Inc.*	190,836	10,714	Internap Network Services Corp.*	98,204
10,294	MercadoLibre, Inc. (Argentina)	940,872	12,139		<u>253,664</u>
6,246	Nutrisystem, Inc.	93,940		<i>Internet Content - Entertainment—0.4%</i>	
5,434	Overstock.com, Inc.*	75,533		Limelight Networks, Inc.*	163,868
6,627	Shutterfly, Inc.*	407,958	25,725		
4,996	Vitacost.Com, Inc.*	7,119		<i>Internet Content - Information/Network—1.9%</i>	
		<u>5,377,053</u>		Knot, Inc. (The)*	81,844
	<i>E-Commerce/Services—27.9%</i>		8,016	WebMD Health Corp.*	784,659
10,378	Ancestry.com, Inc.*	474,275	13,559		<u>866,503</u>
96,345	eBay, Inc.*	3,314,268		<i>Internet Content - Information/News—1.6%</i>	
57,980	Expedia, Inc.	1,451,239		Dice Holdings, Inc.*	277,938
19,511	IAC/InterActiveCorp.*	704,542	15,163	LoopNet, Inc.*	139,759
7,947	Makemytrip Ltd. (Mauritius)*	250,569	7,522	Travelzoo, Inc.*	313,595
7,808	Netflix, Inc.*	1,816,687	3,829		<u>731,292</u>
5,369	OpenTable, Inc.*	597,516		<i>Internet Incubators—0.1%</i>	
23,919	Orbitz Worldwide, Inc.*	76,541		ModusLink Global Solutions, Inc.*	53,542
7,112	Priceline.com, Inc.*	3,890,335	10,218		
20,570	United Online, Inc.	135,762		<i>Internet Infrastructure Software—3.4%</i>	
		<u>12,711,734</u>		Akamai Technologies, Inc.*	1,480,541
	<i>E-Marketing/Information—2.9%</i>		42,989	Support.com, Inc.*	63,139
7,317	comScore, Inc.*	218,120	11,019		<u>1,543,680</u>
6,765	Constant Contact, Inc.*	187,458		<i>Internet Security—3.4%</i>	
9,094	Digital River, Inc.*	295,919		VeriSign, Inc.	1,496,178
6,347	Liquidity Services, Inc.*	123,449	40,481	Zix Corp.*	49,896
10,886	QuinStreet, Inc.*	196,819	15,120		<u>1,546,074</u>
18,885	ValueClick, Inc.*	316,323		<i>Internet Telephony—0.7%</i>	
		<u>1,338,088</u>		j2 Global Communications, Inc.*	314,986
	<i>Enterprise Software/Services—2.4%</i>		10,692		
13,308	Open Text Corp. (Canada)*	814,450		<i>Networking Products—0.5%</i>	
7,533	RightNow Technologies, Inc.*	272,544	5,573	LogMeIn, Inc.*	240,029
		<u>1,086,994</u>		<i>Printing - Commercial—1.2%</i>	
	<i>E-Services/Consulting—1.5%</i>			VistaPrint NV (Netherlands)*	543,021
15,639	GSI Commerce, Inc.*	457,753	9,982		
3,596	Keynote Systems, Inc.	76,739		<i>Retail - Pet Food & Supplies—0.2%</i>	
6,946	Perficient, Inc.*	86,756		PetMed Express, Inc.	79,419
6,642	Saba Software, Inc.*	67,416	5,263		
		<u>688,664</u>		<i>Telecommunication Services—2.0%</i>	
	<i>Human Resources—1.1%</i>			Clearwire Corp., Class A*	276,369
30,364	Monster Worldwide, Inc.*	498,273	56,866	Motricity, Inc.*	134,535
			10,070	SAVVIS, Inc.*	515,104
	<i>Internet Application Software—1.2%</i>		13,087		<u>926,008</u>
9,510	DealerTrack Holdings, Inc.*	213,595			
8,858	KIT Digital, Inc.*	101,955			

See Notes to Financial Statements.

Schedule of Investments (Continued)

PowerShares NASDAQ Internet Portfolio

April 30, 2011

Number of Shares		Value
Common Stocks and Other Equity Interests (Continued)		
<i>Web Hosting/Design—6.1%</i>		
10,778	Equinix, Inc.*	\$ 1,084,914
14,821	NIC, Inc.	190,524
29,827	Rackspace Hosting, Inc.*	1,377,709
6,389	Web.com Group, Inc.*	100,818
		<u>2,753,965</u>
<i>Web Portals/ISP—28.8%</i>		
24,929	AOL, Inc.*	508,053
26,645	Baidu, Inc. ADR (China)*	3,957,315
25,206	EarthLink, Inc.	207,193
5,263	Google, Inc., Class A*	2,863,598
8,446	InfoSpace, Inc.*	76,014
17,498	NetEase.com, Inc. ADR (China)*	862,302
14,273	SINA Corp. (China)*	1,923,287
8,909	Sohu.com, Inc.*	942,216
98,376	Yahoo!, Inc.*	1,746,174
		<u>13,086,152</u>
	Total Investments	
	(Cost \$34,564,884)—100.0%	45,529,615
	Liabilities in excess of other assets—(0.0%)	<u>(22,354)</u>
	Net Assets—100.0%	<u><u>\$45,507,261</u></u>

Investment Abbreviations:

ADR—American Depositary Receipt

Notes to Schedule of Investments:

* Non-income producing security.

This Fund has holdings greater than 10% of net assets in the following countries:

China 14.8%

See Notes to Financial Statements.

Statements of Assets and Liabilities

April 30, 2011

	PowerShares Dynamic Basic Materials Sector Portfolio	PowerShares Dynamic Consumer Discretionary Sector Portfolio	PowerShares Dynamic Consumer Staples Sector Portfolio	PowerShares Dynamic Energy Sector Portfolio
ASSETS:				
Investments, at value	\$ 97,723,264	\$20,714,786	\$40,815,089	\$191,947,656
Cash	307	237	256	359
Receivables:				
Dividends	46,969	7,385	48,430	126,020
Expense waivers	5,099	11,108	9,117	6,432
Shares sold	—	—	—	2,201,002
Total Assets	<u>97,775,639</u>	<u>20,733,516</u>	<u>40,872,892</u>	<u>194,281,469</u>
LIABILITIES:				
Due to custodian	—	—	—	—
Payables:				
Investments purchased	55,323	—	—	2,197,080
Accrued advisory fees	38,436	5,830	16,291	75,010
Accrued expenses	90,680	70,915	84,831	106,534
Expense recapture	—	—	—	—
Total Liabilities	<u>184,439</u>	<u>76,745</u>	<u>101,122</u>	<u>2,378,624</u>
NET ASSETS	<u>\$ 97,591,200</u>	<u>\$20,656,771</u>	<u>\$40,771,770</u>	<u>\$191,902,845</u>
NET ASSETS CONSIST OF:				
Shares of beneficial interest	\$ 88,196,956	\$23,768,869	\$41,397,343	\$169,158,816
Undistributed net investment income (loss)	47,423	28,766	99,930	331,180
Undistributed net realized gain (loss)	(11,289,691)	(5,849,666)	(8,749,765)	(8,910,596)
Net unrealized appreciation	20,636,512	2,708,802	8,024,262	31,323,445
Net Assets	<u>\$ 97,591,200</u>	<u>\$20,656,771</u>	<u>\$40,771,770</u>	<u>\$191,902,845</u>
Shares outstanding (unlimited amount authorized, \$0.01 par value) . . .	2,400,000	750,000	1,300,000	4,300,000
Net asset value	<u>\$ 40.66</u>	<u>\$ 27.54</u>	<u>\$ 31.36</u>	<u>\$ 44.63</u>
Share price	<u>\$ 40.67</u>	<u>\$ 27.53</u>	<u>\$ 31.37</u>	<u>\$ 44.65</u>
Investments, at cost	<u>\$ 77,086,752</u>	<u>\$18,005,984</u>	<u>\$32,790,827</u>	<u>\$160,624,211</u>

See Notes to Financial Statements.

PowerShares Dynamic Financial Sector Portfolio	PowerShares Dynamic Healthcare Sector Portfolio	PowerShares Dynamic Industrials Sector Portfolio	PowerShares Dynamic Technology Sector Portfolio	PowerShares Dynamic Utilities Portfolio	PowerShares NASDAQ Internet Portfolio
\$22,563,868 679	\$ 62,946,611 —	\$113,720,443 1,337	\$ 49,871,259 263	\$ 47,109,871 260	\$45,529,615 —
3,383 9,854 —	1,317 9,911 —	53,591 — 1,618,018	16,143 9,003 —	73,276 9,269 —	1 — —
<u>22,577,784</u>	<u>62,957,839</u>	<u>115,393,389</u>	<u>49,896,668</u>	<u>47,192,676</u>	<u>45,529,616</u>
—	6,878	—	—	—	1,006
—	—	1,617,389	—	—	—
9,102 76,208 —	23,761 105,267 —	41,114 104,896 1,273	20,205 83,064 —	18,691 85,144 —	21,349 — —
<u>85,310</u>	<u>135,906</u>	<u>1,764,672</u>	<u>103,269</u>	<u>103,835</u>	<u>22,355</u>
<u>\$22,492,474</u>	<u>\$ 62,821,933</u>	<u>\$113,628,717</u>	<u>\$ 49,793,399</u>	<u>\$ 47,088,841</u>	<u>\$45,507,261</u>
\$28,444,319 1,914 (8,985,989) 3,032,230 <u>\$22,492,474</u>	\$ 92,753,512 (6,329) (42,006,290) 12,081,040 <u>\$ 62,821,933</u>	\$135,416,813 32,419 (32,053,348) 10,232,833 <u>\$113,628,717</u>	\$ 66,736,583 (4,774) (21,853,345) 4,914,935 <u>\$ 49,793,399</u>	\$ 53,793,290 113,908 (11,931,113) 5,112,756 <u>\$ 47,088,841</u>	\$35,142,878 — (600,348) 10,964,731 <u>\$45,507,261</u>
1,100,000 \$ 20.45	2,000,000 \$ 31.41	3,500,000 \$ 32.47	1,800,000 \$ 27.66	2,750,000 \$ 17.12	1,100,000 \$ 41.37
<u>\$ 20.44</u>	<u>\$ 31.44</u>	<u>\$ 32.48</u>	<u>\$ 27.65</u>	<u>\$ 17.13</u>	<u>\$ 41.40</u>
<u>\$19,531,638</u>	<u>\$ 50,865,571</u>	<u>\$103,487,610</u>	<u>\$ 44,956,324</u>	<u>\$ 41,997,115</u>	<u>\$34,564,884</u>

Statements of Operations

Year Ended April 30, 2011

	PowerShares Dynamic Basic Materials Sector Portfolio	PowerShares Dynamic Consumer Discretionary Sector Portfolio	PowerShares Dynamic Consumer Staples Sector Portfolio	PowerShares Dynamic Energy Sector Portfolio
INVESTMENT INCOME:				
Dividend income	\$ 2,032,448	\$ 297,477	\$ 977,802	\$ 1,292,050
EXPENSES:				
Advisory fees	316,209	98,746	190,981	413,837
Accounting & Administration fees	68,240	68,240	68,240	68,240
Professional fees	33,199	31,318	32,388	32,894
Sub-licensing	31,621	9,875	19,098	41,385
Custodian & transfer agent fees	21,003	14,146	18,625	21,095
Printing	12,352	5,330	9,973	11,025
Recapture (See Note 3)	2,259	—	—	1,381
Other expenses	18,626	17,779	18,880	24,894
Total Expenses	503,509	245,434	358,185	614,751
Less Waivers	(92,440)	(117,064)	(109,908)	(75,608)
Net Expenses	411,069	128,370	248,277	539,143
Net Investment Income (Loss)	1,621,379	169,107	729,525	752,907
REALIZED AND UNREALIZED GAIN (LOSS):				
Net realized gain (loss) from:				
Investments	(2,014,729)	(2,128,362)	(1,560,798)	(647,147)
In-kind redemptions	9,380,971	4,941,163	3,730,349	15,156,967
Net realized gain	7,366,242	2,812,801	2,169,551	14,509,820
Net change in unrealized appreciation (depreciation) on investments ..	12,431,129	(540,674)	3,967,366	25,446,375
Net realized and unrealized gain	19,797,371	2,272,127	6,136,917	39,956,195
Net increase in net assets resulting from operations	\$21,418,750	\$ 2,441,234	\$ 6,866,442	\$40,709,102

See Notes to Financial Statements.

PowerShares Dynamic Financial Sector Portfolio	PowerShares Dynamic Healthcare Sector Portfolio	PowerShares Dynamic Industrials Sector Portfolio	PowerShares Dynamic Technology Sector Portfolio	PowerShares Dynamic Utilities Sector Portfolio	PowerShares NASDAQ Internet Sector Portfolio
\$ 392,827	\$ 269,416	\$ 597,342	\$ 229,094	\$ 1,531,324	\$ 112,470
91,322	305,534	235,184	197,108	204,304	155,463
68,240	68,240	68,240	68,240	68,240	—
31,069	36,811	31,878	32,315	33,836	—
9,132	30,554	23,519	19,711	12,258	—
15,014	13,949	15,756	13,218	17,008	—
5,305	33,640	13,809	9,377	9,754	—
—	—	3,022	—	583	—
17,875	20,997	20,515	19,098	18,670	—
237,957	509,725	411,923	359,067	364,653	155,463
(119,238)	(112,530)	(106,180)	(102,829)	(107,230)	—
118,719	397,195	305,743	256,238	257,423	155,463
274,108	(127,779)	291,599	(27,144)	1,273,901	(42,993)
(1,011,937)	(2,942,265)	(1,374,107)	(3,501,656)	(1,761,112)	(314,269)
2,666,718	15,230,758	8,664,890	9,675,326	4,224,257	2,794,457
1,654,781	12,288,493	7,290,783	6,173,670	2,463,145	2,480,188
559,754	(5,044,165)	5,470,306	195,839	3,577,891	8,511,422
2,214,535	7,244,328	12,761,089	6,369,509	6,041,036	10,991,610
\$ 2,488,643	\$ 7,116,549	\$13,052,688	\$ 6,342,365	\$ 7,314,937	\$10,948,617

Statements of Changes in Net Assets

	PowerShares Dynamic Basic Materials Sector Portfolio		PowerShares Dynamic Consumer Discretionary Sector Portfolio	
	Year Ended April 30, 2011	Year Ended April 30, 2010	Year Ended April 30, 2011	Year Ended April 30, 2010
OPERATIONS:				
Net investment income (loss)	\$ 1,621,379	\$ 359,169	\$ 169,107	\$ 46,955
Net realized gain (loss)	7,366,242	2,550,246	2,812,801	3,529,408
Net change in unrealized appreciation (depreciation)	12,431,129	11,196,576	(540,674)	1,633,591
Net increase in net assets resulting from operations	<u>21,418,750</u>	<u>14,105,991</u>	<u>2,441,234</u>	<u>5,209,954</u>
Undistributed net investment income (loss) included in the price of units issued and redeemed.	<u>469,589</u>	<u>46,497</u>	<u>14,507</u>	<u>(12,574)</u>
DISTRIBUTIONS TO SHAREHOLDERS FROM:				
Net investment income	(1,632,096)	(372,907)	(142,120)	(42,516)
Return of capital	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total distributions to shareholders	<u>(1,632,096)</u>	<u>(372,907)</u>	<u>(142,120)</u>	<u>(42,516)</u>
SHAREHOLDER TRANSACTIONS:				
Proceeds from shares sold	67,091,633	32,708,442	30,811,179	21,715,269
Value of shares repurchased	(37,804,118)	(16,053,293)	(33,798,514)	(19,195,521)
Net income equalization	(469,589)	(46,497)	(14,507)	12,574
Net increase (decrease) in net assets resulting from shares transactions	<u>28,817,926</u>	<u>16,608,652</u>	<u>(3,001,842)</u>	<u>2,532,322</u>
Increase (Decrease) in Net Assets	49,074,169	30,388,233	(688,221)	7,687,186
NET ASSETS:				
Beginning of year	<u>48,517,031</u>	<u>18,128,798</u>	<u>21,344,992</u>	<u>13,657,806</u>
End of year	<u>\$ 97,591,200</u>	<u>\$ 48,517,031</u>	<u>\$ 20,656,771</u>	<u>\$ 21,344,992</u>
Undistributed net investment income (loss) at end of year	<u>\$ 47,423</u>	<u>\$ 58,140</u>	<u>\$ 28,766</u>	<u>\$ 1,779</u>
CHANGES IN SHARES OUTSTANDING:				
Shares sold	1,950,000	1,250,000	1,300,000	1,100,000
Shares repurchased	(1,100,000)	(600,000)	(1,450,000)	(1,000,000)
Shares outstanding, beginning of year	<u>1,550,000</u>	<u>900,000</u>	<u>900,000</u>	<u>800,000</u>
Shares outstanding, end of year	<u>2,400,000</u>	<u>1,550,000</u>	<u>750,000</u>	<u>900,000</u>

See Notes to Financial Statements.

PowerShares Dynamic Consumer Staples Sector Portfolio		PowerShares Dynamic Energy Sector Portfolio		PowerShares Dynamic Financial Sector Portfolio		PowerShares Dynamic Healthcare Sector Portfolio	
Year Ended April 30, 2011	Year Ended April 30, 2010	Year Ended April 30, 2011	Year Ended April 30, 2010	Year Ended April 30, 2011	Year Ended April 30, 2010	Year Ended April 30, 2011	Year Ended April 30, 2010
\$ 729,525	\$ 592,710	\$ 752,907	\$ 259,521	\$ 274,108	\$ 217,441	\$ (127,779)	\$ 116,302
2,169,551	4,338,153	14,509,820	7,032,754	1,654,781	(748,544)	12,288,493	7,751,096
3,967,366	5,799,571	25,446,375	5,612,261	559,754	4,491,634	(5,044,165)	23,695,539
<u>6,866,442</u>	<u>10,730,434</u>	<u>40,709,102</u>	<u>12,904,536</u>	<u>2,488,643</u>	<u>3,960,531</u>	<u>7,116,549</u>	<u>31,562,937</u>
(46,060)	(93,966)	248,162	(53)	304	(1,004)	132,547	3,968
(712,831)	(710,824)	(444,392)	(298,571)	(315,046)	(228,052)	—	(214,570)
<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(116,320)</u>
<u>(712,831)</u>	<u>(710,824)</u>	<u>(444,392)</u>	<u>(298,571)</u>	<u>(315,046)</u>	<u>(228,052)</u>	<u>—</u>	<u>(330,890)</u>
16,225,994	21,673,659	183,166,148	39,626,811	21,741,962	13,906,402	62,165,104	74,249,218
(20,379,736)	(30,374,655)	(70,198,961)	(39,439,871)	(18,962,403)	(14,729,644)	(104,057,484)	(79,459,523)
46,060	93,966	(248,162)	53	(304)	1,004	(132,547)	(3,968)
<u>(4,107,682)</u>	<u>(8,607,030)</u>	<u>112,719,025</u>	<u>186,993</u>	<u>2,779,255</u>	<u>(822,238)</u>	<u>(42,024,927)</u>	<u>(5,214,273)</u>
1,999,869	1,318,614	153,231,897	12,792,905	4,953,156	2,909,237	(34,775,831)	26,021,742
38,771,901	37,453,287	38,670,948	25,878,043	17,539,318	14,630,081	97,597,764	71,576,022
<u>\$ 40,771,770</u>	<u>\$ 38,771,901</u>	<u>\$191,902,845</u>	<u>\$ 38,670,948</u>	<u>\$ 22,492,474</u>	<u>\$ 17,539,318</u>	<u>\$ 62,821,933</u>	<u>\$ 97,597,764</u>
<u>\$ 99,930</u>	<u>\$ 83,236</u>	<u>\$ 331,180</u>	<u>\$ 7,289</u>	<u>\$ 1,914</u>	<u>\$ 46,098</u>	<u>\$ (6,329)</u>	<u>\$ (4,622)</u>
600,000	900,000	5,000,000	1,550,000	1,200,000	850,000	2,400,000	3,450,000
(750,000)	(1,250,000)	(2,000,000)	(1,550,000)	(1,050,000)	(900,000)	(4,200,000)	(3,650,000)
<u>1,450,000</u>	<u>1,800,000</u>	<u>1,300,000</u>	<u>1,300,000</u>	<u>950,000</u>	<u>1,000,000</u>	<u>3,800,000</u>	<u>4,000,000</u>
<u>1,300,000</u>	<u>1,450,000</u>	<u>4,300,000</u>	<u>1,300,000</u>	<u>1,100,000</u>	<u>950,000</u>	<u>2,000,000</u>	<u>3,800,000</u>

Statements of Changes in Net Assets (Continued)

	PowerShares Dynamic Industrials Sector Portfolio		PowerShares Dynamic Technology Sector Portfolio	
	Year Ended April 30, 2011	Year Ended April 30, 2010	Year Ended April 30, 2011	Year Ended April 30, 2010
OPERATIONS:				
Net investment income (loss)	\$ 291,599	\$ 481,148	\$ (27,144)	\$ (84,100)
Net realized gain (loss)	7,290,783	14,758,510	6,173,670	9,939,668
Net change in unrealized appreciation (depreciation)	5,470,306	3,451,740	195,839	974,199
Net increase in net assets resulting from operations	<u>13,052,688</u>	<u>18,691,398</u>	<u>6,342,365</u>	<u>10,829,767</u>
Undistributed net investment income (loss) included in the price of units issued and redeemed.	<u>(15,439)</u>	<u>(152,197)</u>	<u>(9,019)</u>	<u>(10,830)</u>
DISTRIBUTIONS TO SHAREHOLDERS FROM:				
Net investment income	(298,462)	(585,231)	—	—
Return of capital	—	—	(20,352)	—
Total distributions to shareholders	<u>(298,462)</u>	<u>(585,231)</u>	<u>(20,352)</u>	<u>—</u>
SHAREHOLDER TRANSACTIONS:				
Proceeds from shares sold	126,307,101	102,731,657	55,920,728	46,780,788
Value of shares repurchased	(58,211,661)	(148,383,157)	(51,391,309)	(44,600,368)
Net income equalization	15,439	152,197	9,019	10,830
Net increase (decrease) in net assets resulting from shares transactions	<u>68,110,879</u>	<u>(45,499,303)</u>	<u>4,538,438</u>	<u>2,191,250</u>
Increase (Decrease) in Net Assets	80,849,666	(27,545,333)	10,851,432	13,010,187
NET ASSETS:				
Beginning of year	<u>32,779,051</u>	<u>60,324,384</u>	<u>38,941,967</u>	<u>25,931,780</u>
End of year	<u>\$113,628,717</u>	<u>\$ 32,779,051</u>	<u>\$ 49,793,399</u>	<u>\$ 38,941,967</u>
Undistributed net investment income (loss) at end of year	<u>\$ 32,419</u>	<u>\$ 38,292</u>	<u>\$ (4,774)</u>	<u>\$ (3,327)</u>
CHANGES IN SHARES OUTSTANDING:				
Shares sold	4,350,000	5,100,000	2,250,000	2,350,000
Shares repurchased	(2,150,000)	(7,000,000)	(2,100,000)	(2,200,000)
Shares outstanding, beginning of year	<u>1,300,000</u>	<u>3,200,000</u>	<u>1,650,000</u>	<u>1,500,000</u>
Shares outstanding, end of year	<u>3,500,000</u>	<u>1,300,000</u>	<u>1,800,000</u>	<u>1,650,000</u>

See Notes to Financial Statements.

PowerShares Dynamic Utilities Portfolio		PowerShares NASDAQ Internet Portfolio	
Year Ended April 30, 2011	Year Ended April 30, 2010	Year Ended April 30, 2011	Year Ended April 30, 2010
\$ 1,273,901	\$ 1,150,440	\$ (42,993)	\$ (44,029)
2,463,145	(2,050,432)	2,480,188	509,051
<u>3,577,891</u>	<u>6,159,493</u>	<u>8,511,422</u>	<u>2,973,941</u>
7,314,937	5,259,501	10,948,617	3,438,963
<u>(14,215)</u>	<u>(377,901)</u>	<u>(78,012)</u>	<u>(50,661)</u>
(1,369,784)	(1,469,967)	—	—
<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
<u>(1,369,784)</u>	<u>(1,469,967)</u>	<u>—</u>	<u>—</u>
44,856,390	35,752,793	30,134,937	13,980,103
(41,851,478)	(43,474,177)	(10,972,049)	(3,811,934)
<u>14,215</u>	<u>377,901</u>	<u>78,012</u>	<u>50,661</u>
3,019,127	(7,343,483)	19,240,900	10,218,830
8,950,065	(3,931,850)	30,111,505	13,607,132
<u>38,138,776</u>	<u>42,070,626</u>	<u>15,395,756</u>	<u>1,788,624</u>
<u>\$ 47,088,841</u>	<u>\$ 38,138,776</u>	<u>\$ 45,507,261</u>	<u>\$15,395,756</u>
<u>\$ 113,908</u>	<u>\$ 209,791</u>	<u>\$ —</u>	<u>\$ —</u>
2,950,000	2,500,000	900,000	600,000
(2,750,000)	(3,150,000)	(350,000)	(150,000)
<u>2,550,000</u>	<u>3,200,000</u>	<u>550,000</u>	<u>100,000</u>
<u>2,750,000</u>	<u>2,550,000</u>	<u>1,100,000</u>	<u>550,000</u>

Financial Highlights

PowerShares Dynamic Basic Materials Sector Portfolio

	Year Ended April 30,				For the Period
	2011	2010	2009	2008	October 12, 2006* Through April 30, 2007
PER SHARE OPERATING PERFORMANCE:					
Net asset value at beginning of period	\$ 31.30	\$ 20.14	\$ 36.29	\$ 31.65	\$ 25.56
Net investment income**	0.86†††	0.28	0.42	0.33	0.24
Net realized and unrealized gain (loss) on investments	9.34	11.20	(16.15)	4.55	6.05
Total from investment operations.	10.20	11.48	(15.73)	4.88	6.29
Distributions to shareholders from:					
Net investment income	(0.84)	(0.32)	(0.42)	(0.24)	(0.20)
Net asset value at end of period.	\$ 40.66	\$ 31.30	\$ 20.14	\$ 36.29	\$ 31.65
Share price at end of period***	\$ 40.67	\$ 31.34	\$ 20.15		
NET ASSET VALUE, TOTAL RETURN****	33.12%	57.46%	(43.63)%	15.47%	24.69%
SHARE PRICE TOTAL RETURN****	32.98%	57.59%	(43.59)%		
RATIOS/SUPPLEMENTAL DATA:					
Net assets at end of period (000's omitted)	\$97,591	\$48,517	\$18,129	\$43,550	\$18,988
Ratio to average net assets of:					
Expenses, after (Waivers) and/or Recapture	0.65%	0.65%	0.65%	0.68%	0.71%†
Expenses, prior to (Waivers) and/or Recapture	0.79%	0.91%	0.97%	0.96%	1.32%†
Net investment income, after (Waivers) and/or Recapture	2.56%†††	1.05%	1.57%	0.95%	1.52%†
Portfolio turnover rate ††	28%	46%	47%	28%	9%
Undistributed net investment income (loss) included in price of units issued and redeemed**#.	\$ 0.25	\$ 0.04	\$ (0.01)	\$ 0.03	\$ 0.02

PowerShares Dynamic Consumer Discretionary Sector Portfolio

	Year Ended April 30,				For the Period
	2011	2010	2009	2008	October 12, 2006* Through April 30, 2007
PER SHARE OPERATING PERFORMANCE:					
Net asset value at beginning of period	\$ 23.72	\$ 17.07	\$ 22.45	\$ 28.59	\$ 25.43
Net investment income**	0.20	0.06	0.13	0.10	0.09
Net realized and unrealized gain (loss) on investments	3.79	6.65	(5.35)	(6.11)	3.23
Total from investment operations.	3.99	6.71	(5.22)	(6.01)	3.32
Distributions to shareholders from:					
Net investment income	(0.17)	(0.06)	(0.15)	(0.11)	(0.16)
Return of capital	—	—	(0.01)	(0.02)	—
Total distributions	(0.17)	(0.06)	(0.16)	(0.13)	(0.16)
Net asset value at end of period.	\$ 27.54	\$ 23.72	\$ 17.07	\$ 22.45	\$ 28.59
Share price at end of period***	\$ 27.53	\$ 23.74	\$ 17.07		
NET ASSET VALUE, TOTAL RETURN****	16.91%	39.37%	(23.19)%	(21.10)%	13.11%
SHARE PRICE TOTAL RETURN****	16.77%	39.49%	(23.22)%		
RATIOS/SUPPLEMENTAL DATA:					
Net assets at end of period (000's omitted)	\$20,657	\$21,345	\$13,658	\$11,227	\$17,156
Ratio to average net assets of:					
Expenses, after (Waivers) and/or Recapture	0.65%	0.65%	0.64%	0.70%	0.72%†
Expenses, prior to (Waivers) and/or Recapture	1.24%	1.32%	1.68%	1.31%	1.41%†
Net investment income, after (Waivers) and/or Recapture	0.86%	0.31%	0.81%	0.36%	0.65%†
Portfolio turnover rate ††	68%	86%	157%	95%	20%
Undistributed net investment income (loss) included in price of units issued and redeemed**#.	\$ 0.02	\$ (0.02)	\$ (0.09)	\$ 0.02	\$ (0.11)

* Commencement of Investment Operations.

** Based on average shares outstanding.

*** The mean between the last bid and ask prices.

**** Net asset value total return is calculated assuming an initial investment made at the net asset value at the beginning of the period, reinvestment of all dividends and distributions at net asset value during the period, and redemption on the last day of the period. Share price total return is calculated assuming an initial investment made at the share price at the beginning of the period, reinvestment of all dividends and distributions at share price during the period, and sale at the share price on the last day of the period. Total investment returns calculated for a period of less than one year are not annualized.

† Annualized.

†† Portfolio turnover rate is not annualized and does not include securities received or delivered from processing creations or redemptions.

††† Net investment income per share and the ratio of net investment income to average net assets include a special cash dividend received of \$1.65 per share owned of Weyerhaeuser Co. on July 20, 2010. Net investment income per share and the ratio of net investment income to average net assets excluding the special dividend are \$0.26 and 0.78%, respectively.

The per share amount of equalization is presented to show the impact of equalization on distributable earnings per share.

See Notes to Financial Statements.

Financial Highlights (Continued)

PowerShares Dynamic Consumer Staples Sector Portfolio

	Year Ended April 30,				For the Period
	2011	2010	2009	2008	October 12, 2006* Through April 30, 2007
PER SHARE OPERATING PERFORMANCE:					
Net asset value at beginning of period	\$ 26.74	\$ 20.81	\$ 26.75	\$ 28.16	\$ 25.25
Net investment income**	0.52	0.36	0.45	0.34	0.49
Net realized and unrealized gain (loss) on investments	4.61	5.99	(6.04)	(1.43)	2.69
Total from investment operations.	5.13	6.35	(5.59)	(1.09)	3.18
Distributions to shareholders from:					
Net investment income	(0.51)	(0.42)	(0.35)	(0.32)	(0.27)
Net asset value at end of period.	\$ 31.36	\$ 26.74	\$ 20.81	\$ 26.75	\$ 28.16
Share price at end of period***	\$ 31.37	\$ 26.74	\$ 20.79		
NET ASSET VALUE, TOTAL RETURN****	19.46%	30.87%	(21.02)%	(3.94)%	12.69%
SHARE PRICE TOTAL RETURN****	19.50%	30.99%	(21.09)%		
RATIOS/SUPPLEMENTAL DATA:					
Net assets at end of period (000's omitted)	\$40,772	\$38,772	\$37,453	\$24,072	\$11,264
Ratio to average net assets of:					
Expenses, after (Waivers) and/or Recapture	0.65%	0.65%	0.65%	0.69%	0.73%†
Expenses, prior to (Waivers) and/or Recapture	0.94%	0.87%	0.94%	1.18%	1.46%†
Net investment income, after (Waivers) and/or Recapture	1.91%	1.50%	2.07%	1.22%	3.42%†
Portfolio turnover rate ††	54%	67%	48%	44%	18%
Undistributed net investment income (loss) included in price of units issued and redeemed**#	\$ (0.03)	\$ (0.06)	\$ 0.15	\$ 0.22	\$ 0.04

PowerShares Dynamic Energy Sector Portfolio

	Year Ended April 30,				For the Period
	2011	2010	2009	2008	October 12, 2006* Through April 30, 2007
PER SHARE OPERATING PERFORMANCE:					
Net asset value at beginning of period	\$ 29.75	\$ 19.91	\$ 38.80	\$ 31.90	\$ 25.80
Net investment income**	0.32	0.20	0.18	0.14	0.05
Net realized and unrealized gain (loss) on investments	14.77	9.87	(18.93)	6.84	6.08
Total from investment operations.	15.09	10.07	(18.75)	6.98	6.13
Distributions to shareholders from:					
Net investment income	(0.21)	(0.23)	(0.14)	(0.08)	(0.03)
Net asset value at end of period.	\$ 44.63	\$ 29.75	\$ 19.91	\$ 38.80	\$ 31.90
Share price at end of period***	\$ 44.65	\$ 29.75	\$ 19.92		
NET ASSET VALUE, TOTAL RETURN****	51.01%	50.81%	(48.52)%	21.93%	23.78%
SHARE PRICE TOTAL RETURN****	51.07%	50.73%	(48.44)%		
RATIOS/SUPPLEMENTAL DATA:					
Net assets at end of period (000's omitted)	\$191,903	\$38,671	\$25,878	\$42,675	\$19,137
Ratio to average net assets of:					
Expenses, after (Waivers) and/or Recapture	0.65%	0.65%	0.65%	0.68%	0.71%†
Expenses, prior to (Waivers) and/or Recapture	0.74%	0.93%	0.98%	0.96%	1.22%†
Net investment income, after (Waivers) and/or Recapture	0.90%	0.79%	0.65%	0.41%	0.28%†
Portfolio turnover rate ††	35%	63%	67%	50%	12%
Undistributed net investment income included in price of units issued and redeemed**#	\$ 0.11	\$ 0.00 ^(a)	\$ 0.03	\$ 0.02	\$ —

* Commencement of Investment Operations.

** Based on average shares outstanding.

*** The mean between the last bid and ask prices.

**** Net asset value total return is calculated assuming an initial investment made at the net asset value at the beginning of the period, reinvestment of all dividends and distributions at net asset value during the period, and redemption on the last day of the period. Share price total return is calculated assuming an initial investment made at the share price at the beginning of the period, reinvestment of all dividends and distributions at share price during the period, and sale at the share price on the last day of the period. Total investment returns calculated for a period of less than one year are not annualized.

† Annualized.

†† Portfolio turnover rate is not annualized and does not include securities received or delivered from processing creations or redemptions.

The per share amount of equalization is presented to show the impact of equalization on distributable earnings per share.

(a) Amount represents less than \$0.005.

See Notes to Financial Statements.

Financial Highlights (Continued)

PowerShares Dynamic Financial Sector Portfolio

	Year Ended April 30,				For the Period
	2011	2010	2009	2008	October 12, 2006* Through April 30, 2007
PER SHARE OPERATING PERFORMANCE:					
Net asset value at beginning of period	\$ 18.46	\$ 14.63	\$ 22.94	\$ 26.51	\$25.16
Net investment income**	0.27	0.21	0.24	0.25	0.13
Net realized and unrealized gain (loss) on investments	2.04	3.84	(8.33)	(3.59)	1.31
Total from investment operations	2.31	4.05	(8.09)	(3.34)	1.44
Distributions to shareholders from:					
Net investment income	(0.32)	(0.22)	(0.22)	(0.23)	(0.09)
Net asset value at end of period	\$ 20.45	\$ 18.46	\$ 14.63	\$ 22.94	\$26.51
Share price at end of period***	\$ 20.44	\$ 18.45	\$ 14.60		
NET ASSET VALUE, TOTAL RETURN****	12.76%	27.90%	(35.53)%	(12.69)%	5.72%
SHARE PRICE TOTAL RETURN****	12.77%	28.09%	(35.66)%		
RATIOS/SUPPLEMENTAL DATA:					
Net assets at end of period (000's omitted)	\$22,492	\$17,539	\$14,630	\$22,943	\$7,954
Ratio to average net assets of:					
Expenses, after (Waivers) and/or Recapture Δ	0.65%	0.65%	0.65%	0.72%	0.72%†
Expenses, prior to (Waivers) and/or Recapture	1.30%	1.25%	1.13%	1.42%	1.38%†
Net investment income, after (Waivers) and/or Recapture	1.50%	1.26%	1.27%	1.07%	0.87%†
Portfolio turnover rate ††	59%	97%	66%	50%	33%
Undistributed net investment income (loss) included in price of units issued and redeemed**#	\$ 0.00 ^(a)	\$ 0.00 ^(a)	\$ 0.00 ^(a)	\$ 0.05	\$ (0.02)

PowerShares Dynamic Healthcare Sector Portfolio

	Year Ended April 30,				For the Period
	2011	2010	2009	2008	October 12, 2006* Through April 30, 2007
PER SHARE OPERATING PERFORMANCE:					
Net asset value at beginning of period	\$ 25.68	\$ 17.89	\$ 25.87	\$ 28.59	\$ 25.01
Net investment income (loss)**	(0.05)	0.03	0.02	(0.05)	(0.04)
Net realized and unrealized gain (loss) on investments	5.78	7.84	(8.00)	(2.67)	3.62
Total from investment operations	5.73	7.87	(7.98)	(2.72)	3.58
Distributions to shareholders from:					
Net investment income	—	(0.05)	—	—	—
Return of capital	—	(0.03)	—	—	—
Total distributions	—	(0.08)	—	—	—
Net asset value at end of period	\$ 31.41	\$ 25.68	\$ 17.89	\$ 25.87	\$ 28.59
Share price at end of period***	\$ 31.44	\$ 25.67	\$ 17.86		
NET ASSET VALUE, TOTAL RETURN****	22.31%	44.09%	(30.85)%	(9.51)%	14.31%
SHARE PRICE TOTAL RETURN****	22.48%	44.28%	(30.94)%		
RATIOS/SUPPLEMENTAL DATA:					
Net assets at end of period (000's omitted)	\$62,822	\$97,598	\$71,576	\$119,019	\$57,183
Ratio to average net assets of:					
Expenses, after (Waivers) and/or Recapture	0.65%	0.65%	0.65%	0.66%	0.71%†
Expenses, prior to (Waivers) and/or Recapture	0.84%	0.72%	0.71%	0.72%	1.20%†
Net investment income (loss), after (Waivers) and/or Recapture	(0.21)%	0.13%	0.10%	(0.17)%	(0.31)%†
Portfolio turnover rate ††	63%	79%	96%	75%	14%
Undistributed net investment income (loss) included in price of units issued and redeemed**#	\$ 0.06	\$ 0.00 ^(a)	\$ 0.01	\$ (0.04)	\$ (0.05)

* Commencement of Investment Operations.

** Based on average shares outstanding.

*** The mean between the last bid and ask prices.

**** Net asset value total return is calculated assuming an initial investment made at the net asset value at the beginning of the period, reinvestment of all dividends and distributions at net asset value during the period, and redemption on the last day of the period. Share price total return is calculated assuming an initial investment made at the share price at the beginning of the period, reinvestment of all dividends and distributions at share price during the period, and sale at the share price on the last day of the period. Total investment returns calculated for a period of less than one year are not annualized.

† Annualized.

†† Portfolio turnover rate is not annualized and does not include securities received or delivered from processing creations or redemptions.

The per share amount of equalization is presented to show the impact of equalization on distributable earnings per share.

(a) Amount represents less than \$0.005.

Δ In addition to the fees and expenses which the Fund bears directly; the Fund indirectly bears a pro rata share of the fees and expenses of the investment companies in which the Fund invests. Estimated investment companies expenses are not expenses that are incurred directly by your Fund. They are expenses that are incurred directly by the investment companies and are deducted from the value of the funds your Fund invests in. The effect of the estimated investment companies expenses that you bear indirectly is included in your Fund's total return.

See Notes to Financial Statements.

Financial Highlights (Continued)

PowerShares Dynamic Industrials Sector Portfolio

	Year Ended April 30,				For the Period
	2011	2010	2009	2008	October 12, 2006* Through April 30, 2007
PER SHARE OPERATING PERFORMANCE:					
Net asset value at beginning of period	\$ 25.21	\$ 18.85	\$ 30.33	\$ 29.34	\$ 25.72
Net investment income**	0.17	0.20	0.22	0.14	0.04
Net realized and unrealized gain (loss) on investments	7.29	6.48	(11.55)	1.00	3.63
Total from investment operations	7.46	6.68	(11.33)	1.14	3.67
Distributions to shareholders from:					
Net investment income	(0.20)	(0.32)	(0.15)	(0.15)	(0.04)
Return of capital	—	—	—	—	(0.01)
Total distributions	(0.20)	(0.32)	(0.15)	(0.15)	(0.05)
Net asset value at end of period	\$ 32.47	\$ 25.21	\$ 18.85	\$ 30.33	\$ 29.34
Share price at end of period ^{†**}	\$ 32.48	\$ 25.20	\$ 18.82		
NET ASSET VALUE, TOTAL RETURN****	29.83%	35.73%	(37.41)%	3.90%	14.28%
SHARE PRICE TOTAL RETURN****	29.92%	35.89%	(37.51)%		
RATIOS/SUPPLEMENTAL DATA:					
Net assets at end of period (000's omitted)	\$113,629	\$32,779	\$60,324	\$36,397	\$26,409
Ratio to average net assets of:					
Expenses, after (Waivers) and/or Recapture	0.65%	0.65%	0.65%	0.68%	0.71%†
Expenses, prior to (Waivers) and/or Recapture	0.88%	0.82%	0.81%	0.90%	1.19%†
Net investment income, after (Waivers) and/or Recapture	0.62%	0.93%	1.05%	0.45%	0.30%†
Portfolio turnover rate ††	48%	121%	81%	84%	14%
Undistributed net investment income (loss) included in price of units issued and redeemed ^{‡*#}	\$ (0.01)	\$ (0.06)	\$ 0.03	\$ 0.00 ^(a)	\$ 0.01

PowerShares Dynamic Technology Sector Portfolio

	Year Ended April 30,				For the Period
	2011	2010	2009	2008	October 12, 2006* Through April 30, 2007
PER SHARE OPERATING PERFORMANCE:					
Net asset value at beginning of period	\$ 23.60	\$ 17.29	\$ 24.83	\$ 27.76	\$ 25.54
Net investment income (loss)**	(0.02)	(0.05)	(0.01)	(0.09)	(0.07)
Net realized and unrealized gain (loss) on investments	4.09	6.36	(7.53)	(2.84)	2.29
Total from investment operations	4.07	6.31	(7.54)	(2.93)	2.22
Distributions to shareholders from:					
Return of capital	(0.01)	—	—	—	—
Net asset value at end of period	\$ 27.66	\$ 23.60	\$ 17.29	\$ 24.83	\$ 27.76
Share price at end of period ^{†**}	\$ 27.65	\$ 23.59	\$ 17.29		
NET ASSET VALUE, TOTAL RETURN****	17.26%	36.50%	(30.37)%	(10.55)%	8.69%
SHARE PRICE TOTAL RETURN****	17.27%	36.44%	(30.31)%		
RATIOS/SUPPLEMENTAL DATA:					
Net assets at end of period (000's omitted)	\$49,793	\$38,942	\$25,932	\$37,246	\$22,210
Ratio to average net assets of:					
Expenses, after (Waivers) and/or Recapture	0.65%	0.65%	0.65%	0.68%	0.71%†
Expenses, prior to (Waivers) and/or Recapture	0.91%	0.90%	0.89%	0.94%	1.25%†
Net investment income (loss), after (Waivers) and/or Recapture	(0.07)%	(0.24)%	(0.04)%	(0.36)%	(0.49)%†
Portfolio turnover rate ††	67%	71%	90%	77%	27%
Undistributed net investment income (loss) included in price of units issued and redeemed ^{‡*#}	\$ (0.01)	\$ (0.01)	\$ (0.02)	\$ (0.05)	\$ (0.02)

* Commencement of Investment Operations.

** Based on average shares outstanding.

*** The mean between the last bid and ask prices.

**** Net asset value total return is calculated assuming an initial investment made at the net asset value at the beginning of the period, reinvestment of all dividends and distributions at net asset value during the period, and redemption on the last day of the period. Share price total return is calculated assuming an initial investment made at the share price at the beginning of the period, reinvestment of all dividends and distributions at share price during the period, and sale at the share price on the last day of the period. Total investment return calculated for a period of less than one year are not annualized.

† Annualized.

†† Portfolio turnover rate is not annualized and does not include securities received or delivered from processing creations or redemptions.

The per share amount of equalization is presented to show the impact of equalization on distributable earnings per share.

(a) Amount represents less than \$0.005.

See Notes to Financial Statements.

Financial Highlights (Continued)

PowerShares Dynamic Utilities Portfolio

	Year Ended April 30,				
	2011	2010	2009	2008	2007
PER SHARE OPERATING PERFORMANCE:					
Net asset value at beginning of year	\$ 14.96	\$ 13.15	\$ 19.01	\$ 20.54	\$ 16.33
Net investment income**	0.48	0.52	0.54	0.45	0.44
Net realized and unrealized gain (loss) on investments	2.19	2.04	(5.95)	(1.53)	4.16
Total from investment operations	2.67	2.56	(5.41)	(1.08)	4.60
Distributions to shareholders from:					
Net investment income	(0.51)	(0.75)	(0.45)	(0.45)	(0.39)
Net asset value at end of year	\$ 17.12	\$ 14.96	\$ 13.15	\$ 19.01	\$ 20.54
Share price at end of year***	\$ 17.13	\$ 14.96	\$ 13.13		
NET ASSET VALUE, TOTAL RETURN****	18.36%	19.79%	(29.00)%	(5.34)%	28.48%
SHARE PRICE TOTAL RETURN****	18.42%	19.97%	(29.11)%		
RATIOS/SUPPLEMENTAL DATA:					
Net assets at end of year (000's omitted)	\$47,089	\$38,139	\$42,071	\$39,929	\$59,579
Ratio to average net assets of:					
Expenses, after (Waivers) and/or Recapture	0.63%	0.63%	0.63%	0.63%	0.63%
Expenses, prior to (Waivers) and/or Recapture	0.89%	0.95%	0.82%	0.86%	0.92%
Net investment income, after (Waivers) and/or Recapture	3.12%	3.71%	3.44%	2.32%	2.34%
Portfolio turnover rate ††	68%	81%	68%	64%	39%
Undistributed net investment income (loss) included in price of units issued and redeemed***#	\$ (0.01)	\$ (0.17)	\$ 0.00 ^(b)	\$ (0.05)	\$ 0.05

PowerShares NASDAQ Internet Portfolio

	Year Ended April 30		For the Period
	2011	2010	June 10, 2008* Through April 30, 2009
PER SHARE OPERATING PERFORMANCE:			
Net asset value at beginning of period	\$ 27.99	\$ 17.89	\$24.72
Net investment income (loss)**	(0.06)	(0.12)	(0.08)
Net realized and unrealized gain (loss) on investments	13.44	10.22	(6.74)
Total from investment operations	13.38	10.10	(6.82)
Distributions to shareholders from:			
Return of capital	—	—	(0.01)
Net asset value at end of period	\$ 41.37	\$ 27.99	\$17.89
Share price at end of period***	\$ 41.40	\$ 28.01	\$17.88
NET ASSET VALUE, TOTAL RETURN****	47.80%	56.46%	(27.56)% ^(a)
SHARE PRICE TOTAL RETURN****	47.81%	56.65%	(27.60)% ^(a)
RATIOS/SUPPLEMENTAL DATA:			
Net assets at end of period (000's omitted)	\$45,507	\$15,396	\$1,789
Ratio to average net assets of:			
Expenses	0.60%	0.60%	0.60%†
Net investment income (loss)	(0.17)%	(0.46)%	(0.51)%†
Portfolio turnover rate ††	20%	23%	25%
Undistributed net investment income (loss) included in price of units issued and redeemed***#	\$ (0.10)	\$ (0.13)	\$ —

* Commencement of Investment Operations.

** Based on average shares outstanding.

*** The mean between the last bid and ask prices.

**** Net asset value total return is calculated assuming an initial investment made at the net asset value at the beginning of the period, reinvestment of all dividends and distributions at net asset value during the period, and redemption on the last day of the period. Share price total return is calculated assuming an initial investment made at the share price at the beginning of the period, reinvestment of all dividends and distributions at share price during the period, and sale at the share price on the last day of the period. Total investment returns calculated for a period of less than one year are not annualized.

† Annualized.

†† Portfolio turnover rate is not annualized and does not include securities received or delivered from processing creations or redemptions.

The per share amount of equalization is presented to show the impact of equalization on distributable earnings per share.

(a) The net asset value, total return from Fund Inception (June 12, 2008, first day of trading on the exchange) to April 30, 2009 was (25.33)%.

(b) The share price total return from Fund Inception to April 30, 2009 was (26.53)%.

(b) Amount represents less than \$0.005.

See Notes to Financial Statements.

Notes to Financial Statements

PowerShares Exchange-Traded Fund Trust

April 30, 2011

Note 1. Organization

PowerShares Exchange-Traded Fund Trust (the “Trust”) was organized as a Massachusetts business trust on June 9, 2000 and is authorized to have multiple series of portfolios. The Trust is an open-end management investment company registered under the Investment Company Act of 1940, as amended (the “1940 Act”). As of April 30, 2011, the Trust offered fifty-six portfolios. This report includes the following portfolios:

<u>Full Name</u>	<u>Short Name</u>
PowerShares Dynamic Basic Materials Sector Portfolio	“Dynamic Basic Materials Sector Portfolio”
PowerShares Dynamic Consumer Discretionary Sector Portfolio	“Dynamic Consumer Discretionary Sector Portfolio”
PowerShares Dynamic Consumer Staples Sector Portfolio	“Dynamic Consumer Staples Sector Portfolio”
PowerShares Dynamic Energy Sector Portfolio	“Dynamic Energy Sector Portfolio”
PowerShares Dynamic Financial Sector Portfolio	“Dynamic Financial Sector Portfolio”
PowerShares Dynamic Healthcare Sector Portfolio	“Dynamic Healthcare Sector Portfolio”
PowerShares Dynamic Industrials Sector Portfolio	“Dynamic Industrials Sector Portfolio”
PowerShares Dynamic Technology Sector Portfolio	“Dynamic Technology Sector Portfolio”
PowerShares Dynamic Utilities Portfolio	“Dynamic Utilities Portfolio”
PowerShares NASDAQ Internet Portfolio	“NASDAQ Internet Portfolio”

Each portfolio (the “Fund” and collectively the “Funds”) represents a separate series of the Trust. The shares of the Funds are referred to herein as “Shares” or “Fund’s Shares.” Each Fund’s Shares are listed and traded on the NYSE Arca, Inc. (“NYSE Arca”) except for Shares of the NASDAQ Internet Portfolio, which are listed and traded on the NASDAQ Stock Market LLC.

The Funds’ market prices may differ to some degree from the net asset value (“NAV”) of the Shares of each Fund. Unlike conventional mutual funds, each Fund issues and redeems Shares on a continuous basis, at NAV, only in a large specified number of Shares, each called a “Creation Unit.” Creation Units are issued and redeemed generally in-kind for securities included in the relevant index. Except when aggregated in Creation Units by Authorized Participants, Shares are not individually redeemable securities of the Funds.

The investment objective of each Fund is to seek investment results that correspond (before fees and expenses) generally to the price and yield performance of the following indices (each, an “Underlying Index”):

<u>Fund</u>	<u>Index</u>
Dynamic Basic Materials Sector Portfolio	Dynamic Basic Materials Sector Intellidex SM Index
Dynamic Consumer Discretionary Sector Portfolio	Dynamic Consumer Discretionary Sector Intellidex SM Index
Dynamic Consumer Staples Sector Portfolio	Dynamic Consumer Staples Sector Intellidex SM Index
Dynamic Energy Sector Portfolio	Dynamic Energy Sector Intellidex SM Index
Dynamic Financial Sector Portfolio	Dynamic Financial Sector Intellidex SM Index
Dynamic Healthcare Sector Portfolio	Dynamic Healthcare Sector Intellidex SM Index
Dynamic Industrials Sector Portfolio	Dynamic Industrials Sector Intellidex SM Index
Dynamic Technology Sector Portfolio	Dynamic Technology Sector Intellidex SM Index
Dynamic Utilities Portfolio	Dynamic Utilities Intellidex SM Index
NASDAQ Internet Portfolio	NASDAQ Internet Index SM

Notes to Financial Statements (Continued)

PowerShares Exchange-Traded Fund Trust

April 30, 2011

Note 2. Significant Accounting Policies

The preparation of the financial statements in accordance with Generally Accepted Accounting Principles (“GAAP”) in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements, including estimates and assumptions related to taxation. Actual results could differ from these estimates. In addition, the Funds monitor for material events or transactions that may occur or become known after the period-end date and before the date the financial statements are released to print.

A. Security Valuation

Securities, including restricted securities, are valued according to the following policies.

A security listed or traded on an exchange (except convertible bonds) is valued at its last sales price or official closing price as of the close of the customary trading session on the exchange where the security is principally traded, or lacking any sales or official closing price on a particular day, the security may be valued at the closing bid price on that day. Securities traded in the over-the-counter market are valued based on prices furnished by independent pricing services or market makers. Listed options, if no closing price is available, are valued at the mean between the last bid and ask prices from the exchange on which they are principally traded. Options not listed on an exchange are valued by an independent source at the mean between the last bid and ask prices.

Investments in open-end registered investment companies not traded on an exchange are valued at the end of day NAV per share.

Debt obligations (including convertible bonds) and unlisted equities are fair valued using an evaluated quote provided by an independent pricing service. Evaluated quotes provided by the pricing service may be determined without exclusive reliance on quoted prices, and may reflect appropriate factors such as institution-size trading in similar groups of securities, developments related to specific securities, dividend rate, yield, quality, type of issue, coupon rate, maturity, individual trading characteristics and other market data. Short-term obligations, including commercial paper, having 60 days or less to maturity are recorded at amortized cost which approximates value. Debt securities are subject to interest rate and credit risks. In addition, all debt securities involve some risk of default with respect to interest and/or principal payments.

Foreign securities (including foreign exchange contracts) are converted into U.S. dollar amounts using the applicable exchange rates as of the close of the London world markets. If market quotations are available and reliable for foreign exchange traded equity securities, the securities will be valued at the market quotations. Because trading hours for certain foreign securities end before the close of the New York Stock Exchange (“NYSE”), closing market quotations may become unreliable. If between the time trading ends on a particular security and the close of the customary trading session on the NYSE, events occur that are significant and make the closing price unreliable, the Fund may fair value the security. If the event is likely to have affected the closing price of the security, the security will be valued at fair value in good faith using procedures approved by the Board of Trustees. Adjustments to closing prices to reflect fair value may also be based on a screening process of an independent pricing service to indicate the degree of certainty, based on historical data, that the closing price in the principal market where a foreign security trades is not the current value as of the close of the NYSE. Foreign securities meeting the approved degree of certainty that the price is not reflective of current value will be priced at the indication of fair value from the independent pricing service. Multiple factors may be considered by the independent pricing service in determining adjustments to reflect fair value and may include information relating to sector indices,

Notes to Financial Statements (Continued)

PowerShares Exchange-Traded Fund Trust

April 30, 2011

American depository receipts and domestic and foreign index futures. Foreign securities may have additional risks including exchange rate changes, potential for sharply devalued currencies and high inflation, political and economic upheaval, the relative lack of issuer information, relatively low market liquidity and the potential lack of strict financial and accounting controls and standards.

Securities for which market prices are not provided by any of the above methods may be valued based upon quotes furnished by independent sources.

Securities for which market quotations are not readily available or are unreliable are valued at fair value as determined in good faith by or under the supervision of the Trust's officers following procedures approved by the Board of Trustees. Issuer specific events, market trends, bid/ask quotes of brokers and information providers and other market data may be reviewed in the course of making a good faith determination of a security's fair value.

Valuations change in response to many factors including the historical and prospective earnings of the issuer, the value of the issuer's assets, general economic conditions, interest rates, investor perceptions and market liquidity. Because of the inherent uncertainties of valuation, the values reflected in the financial statements may materially differ from the value received upon actual sale of those investments.

B. Other Risks

Replication Management Risk. Unlike many investment companies, the Funds do not utilize an investing strategy that seeks returns in excess of each Fund's respective Underlying Index. Therefore, a Fund would not necessarily sell a security unless that security is removed from its respective Underlying Index.

Non-Diversified Fund Risk. Dynamic Utilities Portfolio and NASDAQ Internet Portfolio are considered non-diversified and can invest a greater portion of 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.

Non-Correlation Risk. Each Fund's return may not match the return of its Underlying Index for a number of reasons. For example, each Fund incurs operating expenses not applicable to its Underlying Index, and incurs costs in buying and selling securities, especially when rebalancing the securities holdings to reflect changes in the composition of its Underlying Index. In addition, the performance of each Fund and its Underlying Index may vary due to asset valuation differences and differences between each Fund's portfolio and its Underlying Index resulting from legal restrictions, cost or liquidity constraints.

Small and Medium Capitalization Company 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 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 may make them be more sensitive to changing market conditions.

C. Federal Income Taxes

Each Fund intends to comply with the provisions of the Internal Revenue Code applicable to regulated investment companies and to distribute substantially all of the Fund's taxable earnings to its shareholders. As such, the Funds will not be subject to Federal income taxes on otherwise taxable income (including net

Notes to Financial Statements (Continued)

PowerShares Exchange-Traded Fund Trust

April 30, 2011

realized gains) that is distributed to the shareholders. Therefore, no provision for Federal income taxes is recorded in the financial statements.

Income and capital gain distributions are determined in accordance with Federal income tax regulations, which may differ from GAAP. These differences are primarily due to differing book and tax treatments for in-kind transactions, losses deferred due to wash sales, and passive foreign investment company adjustments, if any.

The Funds file tax returns in the United States Federal jurisdiction and certain other jurisdictions. Generally, a Fund is subject to examinations by such taxing authorities for up to three years after the filing of the return for the tax period.

D. Investment Income and Investment Transactions

Dividend income is recorded on the ex-dividend date, net of foreign taxes withheld, if any. Interest income is recorded on the accrual basis. Investment transactions are recorded on the trade date. Realized gains and losses from the sale or disposition of securities are calculated on the specific identified cost basis. Dividends and interest received by a Fund may give rise to withholding and other taxes imposed by foreign countries. Corporate actions (including cash dividends) are recorded net of non-reclaimable foreign tax withholdings on the ex-dividend date. Tax conventions between certain countries and the United States may reduce or eliminate such taxes.

E. Expenses

Expenses of the Trust, that are directly identifiable to a specific Fund, are applied to that Fund. Expenses that are not readily identifiable to a specific Fund are allocated in such a manner as deemed equitable, taking into consideration the nature and type of expense and the relative net assets of each Fund.

Each Fund (except for NASDAQ Internet Portfolio) is responsible for all of its expenses, including the investment advisory fees, costs of transfer agency, custody, fund administration, legal, audit and other services, interest, taxes, brokerage commissions and other expenses connected with executions of portfolio transactions, sub-licensing fees related to its respective Underlying Intellidex or Underlying Index, any distribution fees or expenses, litigation expenses, fees payable to the Trust's Board members and officers who are not "interested persons" of the Trust or the Adviser, expenses incurred in connection with the Board members' services, including travel expenses and legal fees of counsel for those members of the Board who are not "interested persons" of the Trust and extraordinary expenses.

Expenses included for Dynamic Financial Sector Portfolio, in the accompanying financial statements, reflect the expenses of the Fund and do not include any expenses of the investment companies, in which it invests. The effects of the investment companies' expenses are included in the realized and unrealized gain (loss) on the investments in the investment companies.

The NASDAQ Internet Portfolio has agreed to pay an annual unitary management fee to Invesco PowerShares Capital Management LLC (the "Adviser"). The Adviser has agreed to pay for substantially all expenses of the NASDAQ Internet Portfolio, including the cost of transfer agency, custody, fund administration, legal, audit and other services, except for distribution fees, if any, brokerage expenses, taxes, interest, litigation expenses and other extraordinary expenses.

Notes to Financial Statements (Continued)

PowerShares Exchange-Traded Fund Trust

April 30, 2011

F. Dividends and Distributions to Shareholders

Each Fund declares and pays dividends from net investment income, if any, to its shareholders quarterly and records on ex-dividend date. Each Fund distributes net realized taxable capital gains, if any, generally annually in cash and records them on ex-dividend date. Such distributions on a tax basis are determined in conformity with income tax regulations which may differ from GAAP. Distributions in excess of tax basis earnings and profits, if any, are reported in such Fund's financial statements as a tax return of capital at fiscal period-end.

G. Equalization

All of the Funds use the accounting practice of equalization. This accounting method is used to keep the continuing shareholder's per Share equity in undistributed net investment income from being affected by the continuous sales and redemptions of capital Shares. Equalization is calculated on a per Share basis whereby a portion of the proceeds from the sales and cost of repurchases of capital Shares is applied to undistributed net investment income. The amount of equalization is disclosed in the Statements of Changes in Net Assets as undistributed net investment income (loss) included in the price of capital Shares issued or redeemed. The distributions to shareholders of amounts so applied may be deemed to be a return of capital for tax purposes to the extent that such distributions exceed taxable income.

Note 3. Investment Advisory Agreement and Other Agreements

The Trust has entered into an Investment Advisory Agreement with the Adviser pursuant to which the Adviser has overall responsibility as the Funds' investment adviser for the selection and ongoing monitoring of the Funds' investments, managing the Funds' business affairs and providing certain clerical, bookkeeping and other administrative services. Each Fund (except for NASDAQ Internet Portfolio) has agreed to pay the Adviser an annual fee of 0.50% of the Fund's average daily net assets. The NASDAQ Internet Portfolio has agreed to pay the Adviser an annual unitary management fee of 0.60% of the Fund's average daily net assets and the Adviser has agreed to pay for substantially all expenses of the NASDAQ Internet Portfolio, including the cost of transfer agency, custody, fund administration, legal, audit and other services, except for distribution fees, if any, brokerage expenses, taxes, interest, litigation expenses and other extraordinary expenses.

The Adviser has entered into an Amended and Restated Excess Expense Agreement (the "Excess Expense Agreement") with the Trust, pursuant to which the Adviser has agreed to waive fees and/or pay Fund expenses to the extent necessary to prevent the operating expenses of each Fund other than the NASDAQ Internet Portfolio (excluding interest expense, brokerage commissions and other trading expenses, sub-licensing fees, offering costs, taxes, expenses of the investment companies that are paid indirectly as a result of share ownership of the investment companies and extraordinary expenses) from exceeding 0.60% of the Fund's average daily net assets per year (the "Expense Cap"), at least until August 31, 2012. Offering costs excluded from the Expense Cap are: (a) initial legal fees pertaining to the Funds' Shares offered for sale; (b) initial Securities and Exchange Commission and state registration fees; and (c) initial fees paid to be listed on an exchange.

The Excess Expense Agreement provides that 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, but no recapture payment will be made by a Fund if it would result in the Fund exceeding its Expense Cap as specified above. The Excess Expense Agreement does not apply to the NASDAQ Internet Portfolio.

Notes to Financial Statements (Continued)

PowerShares Exchange-Traded Fund Trust

April 30, 2011

The amounts available for potential future recapture by the Adviser under the Excess Expense Agreement and the expiration schedule at April 30, 2011 are as follows:

	Total Potential Recapture Amounts	Potential Recapture Amounts Expiring		
		04/30/12	04/30/13	04/30/14
Dynamic Basic Materials Sector Portfolio	\$277,118	\$ 95,566	\$ 89,112	\$ 92,440
Dynamic Consumer Discretionary Sector Portfolio	325,452	106,300	102,088	117,064
Dynamic Consumer Staples Sector Portfolio	289,577	92,028	87,641	109,908
Dynamic Energy Sector Portfolio	265,196	97,775	91,813	75,608
Dynamic Financial Sector Portfolio	322,973	99,362	104,373	119,238
Dynamic Healthcare Sector Portfolio	239,082	68,849	57,703	112,530
Dynamic Industrials Sector Portfolio	275,486	80,755	88,551	106,180
Dynamic Technology Sector Portfolio	280,270	90,118	87,323	102,829
Dynamic Utilities Portfolio	293,134	87,649	98,255	107,230

The Trust has entered into a Distribution Agreement with Invesco Distributors, Inc. (the “Distributor”), which serves as the distributor of Creation Units for each Fund. The Distributor does not maintain a secondary market in the Shares. The Distributor is an affiliate of the Adviser.

The Adviser has entered into a licensing agreement for each Fund with the following Licensors:

<u>Fund</u>	<u>Licensor</u>
Dynamic Basic Materials Sector Portfolio	NYSE Arca
Dynamic Consumer Discretionary Sector Portfolio	NYSE Arca
Dynamic Consumer Staples Sector Portfolio	NYSE Arca
Dynamic Energy Sector Portfolio	NYSE Arca
Dynamic Financial Sector Portfolio	NYSE Arca
Dynamic Healthcare Sector Portfolio	NYSE Arca
Dynamic Industrials Sector Portfolio	NYSE Arca
Dynamic Technology Sector Portfolio	NYSE Arca
Dynamic Utilities Portfolio	NYSE Arca
NASDAQ Internet Portfolio	NASDAQ OMX Group, Inc.

Each Underlying Index name trademark is owned by the respective Licensors. These trademarks have been licensed to the Adviser for use with the Funds. The Funds are not sponsored, endorsed, sold or promoted by the Licensors and the Licensors make no representation regarding the advisability of investing in any of these Funds. The Trust has entered into a sub-licensing agreement under which the Funds (other than the NASDAQ Internet Portfolio) are required to pay the sub-licensing fees which are shown on the Statements of Operations.

The Trust has entered into service agreements whereby The Bank of New York Mellon, a wholly-owned subsidiary of The Bank of New York Mellon Corporation, serves as the administrator, custodian, fund accountant and transfer agent for each Fund.

Notes to Financial Statements (Continued)

PowerShares Exchange-Traded Fund Trust

April 30, 2011

Note 4. Additional Valuation Information

GAAP defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, under current market conditions. GAAP establishes a hierarchy that prioritizes the inputs to valuation methods giving the highest priority to readily available unadjusted quoted prices in an active market for identical assets (Level 1) and the lowest priority to significant unobservable inputs (Level 3) generally when market prices are not readily available or are unreliable. Based on the valuation inputs, the securities or other investments are tiered into one of three levels. Changes in valuation methods may result in transfers in or out of an investment's assigned level:

Level 1 – Prices are determined using quoted prices in an active market for identical assets.

Level 2 – Prices are determined using other significant observable inputs. Observable inputs are inputs that other market participants may use in pricing a security. These may include quoted prices for similar securities, interest rates, prepayment speeds, credit risk, yield curves, loss severities, default rates, discount rates, volatilities and others.

Level 3 – Prices are determined using significant unobservable inputs. In situations where quoted prices or observable inputs are unavailable (for example, when there is little or no market activity for an investment at the end of the period), unobservable inputs may be used. Unobservable inputs reflect the Fund's own assumptions about the factors market participants would use in determining fair value of the securities or instruments and would be based on the best available information.

Except for the Fund listed below, as of April 30, 2011, the securities in each Fund were valued based on Level 1 inputs. The level assigned to the securities valuations may not be an indication of the risk or liquidity associated with investing in those securities. Because of the inherent uncertainties of valuation, the values reflected in the financial statements may materially differ from the value received upon actual sale of those investments.

With respect to each Fund, during the fiscal year ended April 30, 2011, there were no significant transfers between investment levels.

	Investment in Securities			Total
	Level 1	Level 2	Level 3	
NASDAQ Internet Portfolio				
Equity Securities	<u>\$45,522,496</u>	<u>\$—</u>	<u>\$7,119</u>	<u>\$45,529,615</u>

Notes to Financial Statements (Continued)

PowerShares Exchange-Traded Fund Trust

April 30, 2011

Note 5. Distributions to Shareholders and Tax Components of Net Assets

Tax Character of Distributions to Shareholders Paid During the Fiscal Years Ended April 30, 2011 and 2010:

	2011		2010	
	Ordinary Income	Return of Capital	Ordinary Income	Return of Capital
Dynamic Basic Materials Sector Portfolio	\$1,632,096	\$ —	\$ 372,907	\$ —
Dynamic Consumer Discretionary Sector Portfolio . .	142,120	—	42,516	—
Dynamic Consumer Staples Sector Portfolio	712,831	—	710,824	—
Dynamic Energy Sector Portfolio	444,392	—	298,571	—
Dynamic Financial Sector Portfolio	315,046	—	228,052	—
Dynamic Healthcare Sector Portfolio	—	—	214,570	116,320
Dynamic Industrials Sector Portfolio	298,462	—	585,231	—
Dynamic Technology Sector Portfolio	—	20,352	—	—
Dynamic Utilities Portfolio	1,369,784	—	1,469,967	—

Tax Components of Net Assets at Fiscal Year-End:

	Undistributed Ordinary Income	Temporary Book/Tax Differences	Net Unrealized Appreciation	Capital Loss Carryforward	Post-October Deferrals*	Shares of Beneficial Interest	Total Net Assets
Dynamic Basic Materials Sector Portfolio	\$ 52,213	\$(4,790)	\$20,392,543	\$(11,045,722)	—	\$ 88,196,956	\$ 97,591,200
Dynamic Consumer Discretionary Sector Portfolio	32,901	(4,135)	2,706,273	(5,281,768)	(565,369)	23,768,869	20,656,771
Dynamic Consumer Staples Sector Portfolio	104,622	(4,692)	7,972,104	(7,907,453)	(790,154)	41,397,343	40,771,770
Dynamic Energy Sector Portfolio	336,007	(4,827)	31,261,183	(8,848,334)	—	169,158,816	191,902,845
Dynamic Financial Sector Portfolio	6,181	(4,267)	3,023,246	(8,830,865)	(146,140)	28,444,319	22,492,474
Dynamic Healthcare Sector Portfolio	—	(6,329)	12,074,528	(41,602,977)	(396,801)	92,753,512	62,821,933
Dynamic Industrials Sector Portfolio	261,862	(5,117)	9,949,625	(31,994,466)	—	135,416,813	113,628,717
Dynamic Technology Sector Portfolio	—	(4,774)	4,902,967	(21,361,976)	(479,401)	66,736,583	49,793,399
Dynamic Utilities Portfolio	118,809	(4,901)	5,031,056	(10,682,094)	(1,167,319)	53,793,290	47,088,841
NASDAQ Internet Portfolio	—	—	10,627,973	(172,721)	(90,869)	35,142,878	45,507,261

* Capital loss incurred after October 31 ("Post-October losses") within the taxable year are deemed to arise on the first business day of each Fund's next taxable year.

Capital loss carryforward is calculated and reported as of a specific date. Results of transactions and other activity after that date may affect the amount of capital loss carryforward actually available for the Funds to utilize. The ability to utilize capital loss carryforward in the future may be limited under Internal Revenue Code rules and related regulations based on the results of future transactions.

Notes to Financial Statements (Continued)

PowerShares Exchange-Traded Fund Trust

April 30, 2011

The following Funds have capital loss carryforward amounts as of April 30, 2011, which expire on April 30 of each year listed below:

	2015	2016	2017	2018	2019	Total*
Dynamic Basic Materials Sector Portfolio . . .	\$ —	\$ 205,528	\$ 3,783,798	\$ 4,534,904	\$ 2,521,492	\$ 11,045,722
Dynamic Consumer Discretionary Sector Portfolio	—	1,246,058	1,993,654	—	2,042,056	5,281,768
Dynamic Consumer Staples Sector Portfolio	—	634,544	2,156,980	3,935,363	1,180,566	7,907,453
Dynamic Energy Sector Portfolio	—	880,885	2,869,667	3,914,682	1,183,100	8,848,334
Dynamic Financial Sector Portfolio	—	614,940	1,821,971	4,413,894	1,980,060	8,830,865
Dynamic Healthcare Sector Portfolio	—	2,234,184	17,890,879	18,737,951	2,739,963	41,602,977
Dynamic Industrials Sector Portfolio	—	1,476,057	6,525,387	21,245,288	2,747,734	31,994,466
Dynamic Technology Sector Portfolio	—	2,465,875	8,220,697	7,658,564	3,016,840	21,361,976
Dynamic Utilities Portfolio	430,964	2,124,736	1,366,073	5,885,935	874,386	10,682,094
NASDAQ Internet Portfolio	—	—	2,112	95,746	74,863	172,721

* Capital loss carryforward as of the date listed above is reduced for limitations, if any, to the extent required by the Internal Revenue Code.

Note 6. Investment Transactions

For the fiscal year ended April 30, 2011, the cost of securities purchased and proceeds from sales of securities, excluding short-term securities, money market funds and in-kind transactions, were as follows:

	Purchases	Sales
Dynamic Basic Materials Sector Portfolio	\$ 18,755,492	\$ 18,043,051
Dynamic Consumer Discretionary Sector Portfolio	13,415,021	13,362,493
Dynamic Consumer Staples Sector Portfolio	20,657,777	20,502,752
Dynamic Energy Sector Portfolio	32,984,063	30,537,090
Dynamic Financial Sector Portfolio	11,136,137	10,743,680
Dynamic Healthcare Sector Portfolio	39,858,488	39,615,669
Dynamic Industrials Sector Portfolio	23,942,222	23,594,042
Dynamic Technology Sector Portfolio	26,733,321	27,428,044
Dynamic Utilities Portfolio	27,877,867	27,695,900
NASDAQ Internet Portfolio	5,303,651	5,301,350

For the fiscal year ended April 30, 2011, in-kind transactions associated with creations and redemptions were as follows:

	Securities Received	Securities Delivered
Dynamic Basic Materials Sector Portfolio	\$ 69,340,647	\$ 40,713,387
Dynamic Consumer Discretionary Sector Portfolio	33,963,366	36,968,209
Dynamic Consumer Staples Sector Portfolio	18,674,648	22,968,305
Dynamic Energy Sector Portfolio	185,979,278	7,527,382
Dynamic Financial Sector Portfolio	23,042,654	20,682,566
Dynamic Healthcare Sector Portfolio	63,652,629	105,923,005
Dynamic Industrials Sector Portfolio	128,915,837	61,169,987
Dynamic Technology Sector Portfolio	57,622,402	52,467,694
Dynamic Utilities Portfolio	46,258,564	43,539,835
NASDAQ Internet Portfolio	26,087,406	6,955,322

Notes to Financial Statements (Continued)

PowerShares Exchange-Traded Fund Trust

April 30, 2011

Gains and (losses) on in-kind transactions are generally not considered taxable gains and (losses) for Federal income tax purposes.

At April 30, 2011, the aggregate cost and the net unrealized appreciation of investments for tax purposes were as follows:

	<u>Cost</u>	<u>Net Unrealized Appreciation</u>	<u>Gross Unrealized Appreciation</u>	<u>Gross Unrealized (Depreciation)</u>
Dynamic Basic Materials Sector Portfolio	\$ 77,330,721	\$20,392,543	\$20,820,892	\$(428,349)
Dynamic Consumer Discretionary Sector Portfolio	18,008,513	2,706,273	2,905,218	(198,945)
Dynamic Consumer Staples Sector Portfolio	32,842,985	7,972,104	7,981,205	(9,101)
Dynamic Energy Sector Portfolio	160,686,473	31,261,183	31,572,422	(311,239)
Dynamic Financial Sector Portfolio	19,540,622	3,023,246	3,172,331	(149,085)
Dynamic Healthcare Sector Portfolio	50,872,083	12,074,528	12,325,836	(251,308)
Dynamic Industrials Sector Portfolio	103,770,818	9,949,625	10,619,963	(670,338)
Dynamic Technology Sector Portfolio	44,968,292	4,902,967	5,817,570	(914,603)
Dynamic Utilities Portfolio	42,078,815	5,031,056	5,396,089	(365,033)
NASDAQ Internet Portfolio	34,901,642	10,627,973	11,442,192	(814,219)

Note 7. Reclassification of Permanent Differences

Primarily as a result of differing book/tax treatment of investment activity, on April 30, 2011, amounts were reclassified between undistributed net investment income (loss), undistributed net realized gain (loss) and Shares of beneficial interest. These reclassifications had no effect on the net assets of each Fund. For the fiscal year ended April, 30, 2011, the reclassifications were as follow:

	<u>Undistributed Net Investment Income (Loss)</u>	<u>Undistributed Net Realized Gain (Loss)</u>	<u>Shares of Beneficial Interest</u>
Dynamic Basic Materials Sector Portfolio	\$(469,589)	\$ (9,118,848)	\$ 9,588,437
Dynamic Consumer Discretionary Sector Portfolio	(14,507)	(4,940,117)	4,954,624
Dynamic Consumer Staples Sector Portfolio	46,060	(3,711,480)	3,665,420
Dynamic Energy Sector Portfolio	(232,786)	(15,104,392)	15,337,178
Dynamic Financial Sector Portfolio	(3,550)	(2,647,538)	2,651,088
Dynamic Healthcare Sector Portfolio	(6,475)	(15,124,808)	15,131,283
Dynamic Industrials Sector Portfolio	16,427	(8,661,155)	8,644,728
Dynamic Technology Sector Portfolio	34,716	(9,671,751)	9,637,035
Dynamic Utilities Portfolio	14,215	(4,209,586)	4,195,371
NASDAQ Internet Portfolio	121,005	(2,718,734)	2,597,729

Note 8. Trustees' Fees

The Fund compensates each Trustee who is not an "interested person" as defined in the 1940 Act (an "Independent Trustee"). The Adviser, as a result of the unitary management fee, pays for such compensation on behalf of the NASDAQ Internet Portfolio. The Non-Independent Trustees of the Trust do not receive any Trustees' fees.

Notes to Financial Statements (Continued)

PowerShares Exchange-Traded Fund Trust

April 30, 2011

The Trust has adopted a deferred compensation plan (the “Plan”). Under the Plan, an Independent Trustee who has executed a Deferred Fee Agreement (a “Participating Trustee”) may defer receipt of all or a portion of his compensation (“Deferral Fees”). Such Deferral Fees are deemed to be invested in select PowerShares Funds. The Deferral Fees payable to the Participating Trustee are valued as of the date such Deferral Fees would have been paid to the Participating Trustee. The value increases with contributions or with increases in the value of the Shares selected, and the value decreases with distributions or with declines in the value of the Shares selected.

Note 9. Capital

Shares are created and redeemed by the Trust only in Creation Unit size aggregations of 50,000 Shares. Only Authorized Participants are permitted to purchase or redeem Creation Units from the Funds. Such transactions are generally permitted on an in-kind basis, with a balancing cash component to equate the transaction to the NAV per Share of each Fund of the Trust on the transaction date. Cash may be substituted equivalent to the value of certain securities generally when they are not available in sufficient quantity for delivery, not eligible for trading by the Authorized Participant or as a result of other market circumstances.

Note 10. Indemnifications

Under the Trust’s organizational documents, its officers and Trustees are indemnified against certain liabilities arising out of the performance of their duties to the Trust. Each Independent Trustee is also indemnified against certain liabilities arising out of the performance of his duties to the Trust pursuant to an Indemnification Agreement between the Independent Trustee and the Trust. Additionally, in the normal course of business, the Trust enters into contracts with service providers that contain general indemnification clauses. The Trust’s maximum exposure under these arrangements is unknown, as this would involve future claims that may be made against the Trust that have not yet occurred. However, based on experience, the Trust believes the risk of loss to be remote.

Report of Independent Registered Public Accounting Firm

To the Board of Trustees and Shareholders of PowerShares Exchange-Traded Fund Trust:

In our opinion, the accompanying statements of assets and liabilities, including the schedules of investments, and the related statements of operations and of changes in net assets and the financial highlights present fairly, in all material respects, the financial position of each of the portfolios indicated in Note 1 of the financial statements (each a portfolio of PowerShares Exchange-Traded Fund Trust, hereafter referred to as the “Trust”) at April 30, 2011, and the results of each of their operations, the changes in each of their net assets, and the financial highlights for each of the periods presented, in conformity with accounting principles generally accepted in the United States of America. These financial statements and financial highlights (hereafter referred to as “financial statements”) are the responsibility of the Trust’s management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these financial statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits, which included confirmation of securities at April 30, 2011 by correspondence with the custodian and brokers, and the application of alternative auditing procedures where securities purchased had not been received, provide a reasonable basis for our opinion.

/s/ PricewaterhouseCoopers LLP
New York, New York
June 24, 2011

Tax Information

Form 1099-DIV, Form 1042-S and other year-end tax information provide shareholders with actual calendar year amounts that should be included in their tax returns. Shareholders should consult their tax advisors.

The following distribution information is being provided as required by the Internal Revenue Code or to meet a specific state's requirement.

Each Fund designates the following amounts or, if subsequently determined to be different, the maximum amount allowable for its fiscal year ended April 30, 2011:

Federal Income Tax Information

	Qualified Dividend Income*	Corporate Dividend Received Deduction*
Dynamic Basic Materials Sector Portfolio	100%	100%
Dynamic Consumer Discretionary Sector Portfolio	100%	100%
Dynamic Consumer Staples Sector Portfolio	100%	100%
Dynamic Energy Sector Portfolio	100%	100%
Dynamic Financial Sector Portfolio	100%	100%
Dynamic Healthcare Sector Portfolio	0%	0%
Dynamic Industrials Sector Portfolio	100%	100%
Dynamic Technology Sector Portfolio	0%	0%
Dynamic Utilities Portfolio	100%	100%
NASDAQ Internet Portfolio	0%	0%

* The above percentages are based on ordinary income dividends paid to shareholders during the Fund's fiscal year.

Supplemental Information

Trustees and Officers

The Independent Trustees, the Trustees who are affiliated with the Adviser (the “Non-Independent Trustees”) and the executive officers of the Trust, their term of office and length of time served, their principal business occupations during at least the past five years, the number of portfolios in the Fund Complex overseen by each Trustee and the other directorships, if any, held by a Trustee, are shown below.

The Trustees and Officers information is current as of April 30, 2011.

Name, Address and Age of Independent Trustees	Position(s) Held with Trust	Term of Office and Length of Time Served*	Principal Occupation(s) During Past 5 Years	Number of Portfolios in Fund Complex** Overseen by Independent Trustees	Other Directorships Held by Independent Trustees
Ronn R. Bagge (53) c/o Invesco PowerShares Capital Management LLC 301 West Roosevelt Road Wheaton, IL 60187	Trustee	Since 2003	Founder and Principal, YQA Capital Management LLC (1998-Present); formerly Owner/CEO of Electronic Dynamic Balancing Co., Inc. (high-speed rotating equipment service provider)	107	None
Todd J. Barre (53) c/o Invesco PowerShares Capital Management LLC 301 West Roosevelt Road Wheaton, IL 60187	Trustee	Since 2010	Assistant Professor of Business, Trinity Christian College (2010-Present); formerly Vice President and Senior Investment Strategist (2001-2008); Director of Open Architecture and Trading (2007-2008); Head of Fundamental Research (2004-2007); and Vice President and Senior Fixed Income Strategist (1994-2001). BMO Financial Group/Harris Private Bank	107	None

* This is the date the Trustee began serving the Trust. Each Trustee serves an indefinite term, until his successor is elected.

** Fund Complex includes all open-end funds (including all of their portfolios) advised by the Adviser. At April 30, 2011, the Fund Complex consisted of the Trust’s 56 portfolios and three other exchange-traded fund trusts with 51 portfolios advised by the Adviser.

Supplemental Information (Continued)

Trustees and Officers (Continued)

Name, Address and Age of Independent Trustees	Position(s) Held with Trust	Term of Office and Length of Time Served*	Principal Occupation(s) During Past 5 Years	Number of Portfolios in Fund Complex** Overseen by Independent Trustees	Other Directorships Held by Independent Trustees
Marc M. Kole (50) c/o Invesco PowerShares Capital Management LLC 301 West Roosevelt Road Wheaton, IL 60187	Trustee	Since 2006	Chief Financial Officer, Hope Network (social services) (2008-Present); formerly Assistant Vice President and Controller, Priority Health (health insurance) (2005-2008); Senior Vice President of Finance, United Healthcare (2004-2005); Senior Vice President of Finance, Oxford Health Plans (2000-2004)	107	None
Philip M. Nussbaum (49) c/o Invesco PowerShares Capital Management LLC 301 West Roosevelt Road Wheaton, IL 60187	Trustee	Since 2003	Chairman, Performance Trust Capital Partners (2004-Present)	107	None

* This is the date the Trustee began serving the Trust. Each Trustee serves an indefinite term, until his successor is elected.

** Fund Complex includes all open-end funds (including all of their portfolios) advised by the Adviser. At April 30, 2011, the Fund Complex consisted of the Trust's 56 portfolios and three other exchange-traded fund trusts with 51 portfolios advised by the Adviser.

Supplemental Information (Continued)

Trustees and Officers (Continued)

Name, Address and Age of Independent Trustees	Position(s) Held with Trust	Term of Office and Length of Time Served*	Principal Occupation(s) During Past 5 Years	Number of Portfolios in Fund Complex** Overseen by Independent Trustees	Other Directorships Held by Independent Trustees
Donald H. Wilson (51) c/o Invesco PowerShares Capital Management LLC 301 West Roosevelt Road Wheaton, IL 60187	Trustee	Since 2006	Chairman and Chief Executive Officer, Stone Pillar Advisers, Ltd. (2010-Present); formerly, Chief Operating Officer, AMCORE Financial, Inc. (bank holding company) (2007-2009); Executive Vice President and Chief Financial Officer, AMCORE Financial, Inc. (2006-2007); Senior Vice President and Treasurer, Marshall & Ilsley Corp. (bank holding company) (1995-2006)	107	None

* This is the date the Trustee began serving the Trust. Each Trustee serves an indefinite term, until his successor is elected.

** Fund Complex includes all open-end funds (including all of their portfolios) advised by the Adviser. At April 30, 2011, the Fund Complex consisted of the Trust's 56 portfolios and three other exchange-traded fund trusts with 51 portfolios advised by the Adviser.

Supplemental Information (Continued)

Trustees and Officers (Continued)

Name, Address and Age of Interested Trustees	Position(s) Held with Trust	Term of Office and Length of Time Served*	Principal Occupation(s) During Past 5 Years	Number of Portfolios in Fund Complex** Overseen by Interested Trustees	Other Directorships Held by Interested Trustees
H. Bruce Bond (47) Invesco PowerShares Capital Management LLC 301 West Roosevelt Road Wheaton, IL 60187	Chairman of the Board and Trustee	Since 2003	Chairman, Invesco Power-Shares Capital Management LLC (2009-Present); formerly, Managing Director, Invesco PowerShares Capital Management LLC (2002-2009); Manager, Nuveen Investments (1998-2002)	107	None

* This is the date the Trustee began serving the Trust. Each Trustee serves an indefinite term, until his successor is elected.

** Fund Complex includes all open-end funds (including all of their portfolios) advised by the Adviser. At April 30, 2011, the Fund Complex consisted of the Trust's 56 portfolios and three other exchange-traded fund trusts with 51 portfolios advised by the Adviser.

Supplemental Information (Continued)

Trustees and Officers (Continued)

Name, Address and Age of Interested Trustees	Position(s) Held with Trust	Term of Office and Length of Time Served*	Principal Occupation(s) During Past 5 Years	Number of Portfolios in Fund Complex** Overseen by Interested Trustees	Other Directorships Held by Interested Trustees
Kevin M. Carome (54) Invesco Ltd. Two Peachtree Pointe 1555 Peachtree St., N.E. Suite 1800 Atlanta, GA 30309	Trustee	Since 2010	Senior Managing Director and General Counsel, Invesco Ltd. (2006-Present); formerly, Senior Vice President and General Counsel, Invesco Advisors, Inc. (2003-2005); Senior Vice President and General Counsel, Liberty Financial Companies, Inc. (2000-2001); General Counsel of certain investment management subsidiaries of Liberty Financial Companies, Inc. (1998-2000); Associate General Counsel, Liberty Financial Companies, Inc. (1993-1998); Associate, Ropes & Gray LLP	107	None

* This is the date the Trustee began serving the Trust. Each Trustee serves an indefinite term, until his successor is elected.

** Fund Complex includes all open-end funds (including all of their portfolios) advised by the Adviser. At April 30, 2011, the Fund Complex consisted of the Trust's 56 portfolios and three other exchange-traded fund trusts with 51 portfolios advised by the Adviser.

Supplemental Information (Continued)

Trustees and Officers (Continued)

Name, Address and Age of Executive Officer	Position(s) Held with Trust	Length of Time Served*	Principal Occupation(s) During Past 5 Years
Andrew Schlossberg (36) Invesco Management Group, Inc. 11 Greenway Plaza Suite 100 Houston, TX 77046	President	Since 2009	Managing Director, U.S. head of business strategy and chief marketing officer for Invesco Ltd. in the United States (2008-Present); formerly, Mr. Schlossberg served in multiple roles within Invesco, including head of corporate development, as well as global leadership roles in strategy and product development in the company's North American Institutional and Retirement divisions (2002-2007)
Bruce T. Duncan (56) Invesco PowerShares Capital Management LLC 301 West Roosevelt Road Wheaton, IL 60187	Treasurer and Secretary	Treasurer since 2006 and Secretary since 2008	Senior Vice President of Finance, Invesco PowerShares Capital Management LLC (2005-Present); formerly Private Practice Attorney (2000-2005); Vice President of Investor Relations. The ServiceMaster Company (1994-2000); Vice President of Taxes, The ServiceMaster Company (1990-2000)
Benjamin Fulton (49) Invesco PowerShares Capital Management LLC 301 West Roosevelt Road Wheaton, IL 60187	Vice President	Since 2009	Executive Vice President – Global Product Development, Invesco PowerShares Capital Management LLC (2005-Present); formerly principal of Clermont Consulting, a consulting firm focused on the creation and development of retail investment products (2003-2005); President and a founding partner of Claymore Securities, a financial services firm in the Chicago land area (2001-2003); Managing Director of Structured Investments at Nuveen Investments (1998-2001)
Peter Hubbard (29) Invesco PowerShares Capital Management LLC 301 West Roosevelt Road Wheaton, IL 60187	Vice President	Since 2009	Vice President and Director of Portfolio Management – Invesco PowerShares Capital Management LLC (2008-Present); formerly Portfolio Manager, Invesco PowerShares Capital Management LLC (2007-2008); Research Analyst, Invesco PowerShares Capital Management LLC (2005-2007); Research Analyst and Trader, Ritchie Capital, a hedge fund operator (2003-2005)

* This is the period for which the Officers began serving the Trust. Each Officer serves a one-year term, until his successor is elected.

Supplemental Information (Continued)

Trustees and Officers (Continued)

Name, Address and Age of Executive Officer	Position(s) Held with Trust	Length of Time Served*	Principal Occupation(s) During Past 5 Years
David Warren (53) Invesco Trimark Ltd. 5140 Yonge Street Suite 900 Toronto, Ontario M2N 6X7	Vice President	Since 2009	Director, Executive Vice President and Chief Financial Officer, Invesco Trimark Ltd. and Chief Administrative Officer, North American Retail, Invesco Ltd. (2007-Present); formerly Director, Executive Vice President and Chief Financial Officer, Invesco Trimark Ltd. (2000-2006)
Todd Spillane (51) Invesco Management Group, Inc. 11 Greenway Plaza Suite 100 Houston, TX 77046	Chief Compliance Officer	Since 2010	Senior Vice President, Invesco Management Group, Inc.; Chief Compliance Officer, INVESCO Private Capital Investments, Inc. (holding company), Invesco Private Capital, Inc. (registered investment adviser) and Invesco Senior Secured Management, Inc. (registered investment adviser); Chief Compliance Officer and Senior Vice President, Invesco Advisers, Inc. (formerly Invesco Institutional (N.A.), Inc. – registered investment adviser) and Vice President, Invesco Distributors, Inc. and Invesco Investment Services, Inc.; formerly Chief Compliance Officer, Invesco Global Asset Management (N.A.), Inc. – (registered investment adviser) and Invesco Advisers, Inc. (formerly Invesco Institutional (N.A.), Inc.) (registered investment adviser); Senior Vice President and Chief Compliance Officer, Invesco Advisers, Inc., Invesco Capital Management, Inc. and Invesco Private Asset Management, Inc.; Vice President, Invesco Capital Management, Inc. and Fund Management Company

Availability of Additional Information About the Trustees

The Statement of Additional Information includes additional information about the Trustees and is available, without charge, upon request at (800) 983-0903.

* This is the period for which the Officers began serving the Trust. Each Officer serves a one-year term, until his successor is elected.

Board Considerations Regarding Continuation of Investment Advisory Agreement

At a meeting held on April 14, 2011, the Board of Trustees of the PowerShares Exchange-Traded Fund Trust (the “Trust”), including the Independent Trustees, unanimously approved the continuation of the Investment Advisory Agreement between Invesco PowerShares Capital Management LLC (the “Adviser”) and the Trust for the following 54 series (each, a “Fund” and collectively, the “Funds”):

PowerShares Dynamic Market Portfolio	PowerShares WilderHill Progressive Energy Portfolio
PowerShares Dynamic OTC Portfolio	PowerShares Dynamic Insurance Portfolio
PowerShares Golden Dragon Halter USX China Portfolio	PowerShares Dynamic Oil and Gas Services Portfolio
PowerShares High Yield Equity Dividend Achievers™ Portfolio	PowerShares Dynamic Retail Portfolio
PowerShares WilderHill Clean Energy Portfolio	PowerShares Dynamic Utilities Portfolio
PowerShares Dynamic Large Cap Growth Portfolio	PowerShares Lux Nanotech Portfolio
PowerShares Dynamic Large Cap Value Portfolio	PowerShares FTSE RAFI US 1000 Portfolio
PowerShares Dynamic Mid Cap Growth Portfolio	PowerShares FTSE RAFI US 1500 Small-Mid Portfolio
PowerShares Dynamic Mid Cap Value Portfolio	PowerShares Water Resources Portfolio
PowerShares Dynamic Small Cap Growth Portfolio	PowerShares Dynamic Energy Sector Portfolio
PowerShares Dynamic Small Cap Value Portfolio	PowerShares Dynamic Financial Sector Portfolio
PowerShares Dynamic Biotechnology & Genome Portfolio	PowerShares Dynamic Healthcare Sector Portfolio
PowerShares Dynamic Food & Beverage Portfolio	PowerShares Dynamic Industrials Sector Portfolio
PowerShares Dynamic Leisure and Entertainment Portfolio	PowerShares Dynamic Large Cap Portfolio
PowerShares Dynamic Media Portfolio	PowerShares Dynamic MagniQuant Portfolio
PowerShares Dynamic Networking Portfolio	PowerShares Dynamic Mid Cap Portfolio
PowerShares Dynamic Pharmaceuticals Portfolio	PowerShares Dynamic Small Cap Portfolio
PowerShares Dynamic Semiconductors Portfolio	PowerShares Dynamic Technology Sector Portfolio
PowerShares Dynamic Software Portfolio	PowerShares Buyback Achievers™ Portfolio
PowerShares Zacks Micro Cap Portfolio	PowerShares Cleantech™ Portfolio
PowerShares Aerospace & Defense Portfolio	PowerShares Dynamic Banking Portfolio
PowerShares Morningstar StockInvestor Core Portfolio	PowerShares Dynamic Basic Materials Sector Portfolio
PowerShares Dividend Achievers™ Portfolio	PowerShares Dynamic Consumer Discretionary Sector Portfolio
PowerShares International Dividend Achievers™ Portfolio	PowerShares Dynamic Consumer Staples Sector Portfolio
PowerShares Dynamic Building and Construction Portfolio	PowerShares Financial Preferred Portfolio
PowerShares Dynamic Energy Exploration and Production Portfolio	PowerShares Global Listed Private Equity Portfolio
	PowerShares DWA Technical Leaders™ Portfolio
	PowerShares S&P 500® High Quality Portfolio

Board Considerations Regarding Continuation of Investment Advisory Agreement (Continued)

The Trustees reviewed information from the Adviser describing: (i) the nature, extent and quality of services provided, (ii) the investment performance of the Funds and the Adviser, (iii) the costs of services provided and estimated profits realized by the Adviser, (iv) the extent to which economies of scale are realized as the Funds grow, (v) whether fee levels reflect any possible economies of scale for the benefit of Fund shareholders, (vi) comparisons of services rendered and amounts paid to other registered investment companies and (vii) any benefits realized by the Adviser from its relationship with each Fund. Based on all of the information considered and the conclusions reached, the Board, including the Independent Trustees, determined to approve the continuation of the Investment Advisory Agreement for each Fund. No single factor was determinative in the Board's analysis.

Nature, Extent and Quality of Services. In evaluating the nature, extent and quality of the Adviser's services, the Trustees reviewed information concerning the functions performed by the Adviser for the Funds, information describing the Adviser's current organization and projected staffing, including operations assistance provided by the Adviser's parent organization, Invesco Ltd., and the background and experience of the persons responsible for the day-to-day management of the Funds. The Trustees reviewed matters related to the Adviser's execution of portfolio transactions on behalf of the Funds. The Trustees also reviewed information on the performance of the Funds and the performance of their underlying indices through December 31, 2010, including reports on the correlation and tracking error between the underlying index and each Fund's performance, as well as the Adviser's analysis of the tracking error between each Fund and its underlying index. The Trustees noted that, in each case, the correlation and tracking error for each Fund was within the targeted range set forth in the Trust's registration statement. The Trustees concluded that each Fund was correlated to its underlying index and that the tracking error for each Fund was within an acceptable range given that Fund's particular circumstances.

The Trustees also considered the services provided by the Adviser in its oversight of the Funds' administrator, custodian and transfer agent. They noted the significant amount of time and effort that had been devoted to this oversight function.

Based on their review, the Trustees concluded that the nature, extent and quality of services provided by the Adviser to the Funds under the Investment Advisory Agreement were appropriate and reasonable.

Fees, Expenses and Profitability. The Trustees reviewed and discussed the information provided by the Adviser on each Fund's expense ratio and advisory fee, as compared to information compiled by the Adviser from Lipper Inc. databases on the expense ratios of comparable exchange-traded funds ("ETFs"), open-end (non-ETF) index funds and open-end actively-managed funds. The Trustees noted that the annual advisory fee charged to each Fund is:

- 0.50% of the Fund's average net assets, for each Fund other than PowerShares High Yield Equity Dividend Achievers™ Portfolio, PowerShares Dividend Achievers™ Portfolio, PowerShares International Dividend Achievers™ Portfolio, PowerShares FTSE RAFI US 1000 Portfolio and PowerShares FTSE RAFI US 1500 Small-Mid Portfolio;
- 0.40% of the Fund's average net assets, for each of PowerShares High Yield Equity Dividend Achievers™ Portfolio, PowerShares Dividend Achievers™ Portfolio and PowerShares International Dividend Achievers™ Portfolio; and
- 0.29% of the Fund's average net assets, for each of PowerShares FTSE RAFI US 1000 Portfolio and PowerShares FTSE RAFI US 1500 Small-Mid Portfolio.

Board Considerations Regarding Continuation of Investment Advisory Agreement (Continued)

The Trustees also noted that the Adviser has agreed to waive a portion of its advisory fee and/or pay expenses (an “Expense Cap”) to the extent necessary to prevent the annual operating expenses of each Fund from exceeding the percentage of that Fund’s average daily net assets, at least until August 31, 2012, as set forth below:

- 0.60%, excluding interest expenses, brokerage commissions and other trading expenses, taxes and extraordinary expenses, for each of PowerShares Dynamic OTC Portfolio and PowerShares Dynamic Market Portfolio;
- 0.50%, excluding interest expenses, licensing fees, offering costs, brokerage commissions and other trading expenses, taxes and extraordinary expenses, for each of PowerShares High Yield Equity Dividend Achievers™ Portfolio, PowerShares Dividend Achievers™ Portfolio and PowerShares International Dividend Achievers™ Portfolio;
- 0.50%, excluding interest expenses, offering costs, brokerage commissions and other trading expenses, taxes and extraordinary expenses, for each of PowerShares Morningstar StockInvestor Core Portfolio and PowerShares S&P 500® High Quality Portfolio (the Trustees noted that the Expense Cap for each of these Funds was reduced to 0.50% effective July 1, 2010);
- 0.39%, excluding interest expenses, offering costs, brokerage commissions and other trading expenses, taxes and extraordinary expenses, for each of PowerShares FTSE RAFI US 1000 Portfolio and PowerShares FTSE RAFI US 1500 Small-Mid Portfolio; and
- 0.60%, excluding interest expenses, licensing fees, offering costs, brokerage commissions and other trading expenses, taxes and extraordinary expenses, for each other Fund.

The Trustees noted that the Adviser represented that it does not provide investment advisory services to any clients other than the Funds and other ETFs overseen by the Board. The Trustees noted that each Fund’s advisory fee was:

- higher than the median advisory fee of its ETF peer funds (except for the advisory fee of each of PowerShares Financial Preferred Portfolio, PowerShares FTSE RAFI US 1000 Portfolio, PowerShares Global Listed Private Equity Portfolio and PowerShares Golden Dragon Halter USX China Portfolio, which was equal to or lower than the median advisory fee of its ETF peer funds); and
- higher than the median advisory fee of its open-end index peer funds (except for the advisory fee of each of PowerShares DWA Technical Leaders™ Portfolio, PowerShares Dynamic Banking Portfolio, PowerShares Dynamic Basic Materials Sector Portfolio, PowerShares Dynamic Biotechnology & Genome Portfolio, PowerShares Dynamic Financial Sector Portfolio, PowerShares Dynamic Healthcare Portfolio, PowerShares Dynamic Insurance Portfolio, PowerShares Dynamic Mid Cap Growth Portfolio, PowerShares Dynamic Networking Portfolio, PowerShares Dynamic OTC Portfolio, PowerShares Dynamic Pharmaceuticals Portfolio, PowerShares Dynamic Semiconductors Portfolio, PowerShares Dynamic Small Cap Growth Portfolio, PowerShares Dynamic Software Portfolio, PowerShares Dynamic Technology Sector Portfolio, PowerShares Golden Dragon Halter USX China Portfolio, PowerShares Lux Nanotech Portfolio, PowerShares Morningstar StockInvestor Core Portfolio and PowerShares S&P 500® High Quality Portfolio, which was equal to or lower than

Board Considerations Regarding Continuation of Investment Advisory Agreement (Continued)

the median advisory fee of its open-end index peer funds, and there was no comparable data for PowerShares Financial Preferred Portfolio or PowerShares Global Listed Private Equity Portfolio); but

- lower than the median advisory fee of its open-end actively-managed peer funds.

The Trustees determined that the advisory fees were reasonable, noting the complexity of the indices, which generally require more frequent rebalancing of the portfolios, the distinguishing factors of the Funds, and the higher administrative, operational and management oversight costs for the Adviser. With respect to the Funds' expense ratios, the Trustees noted that the net expense ratio for each Fund was:

- higher than the median expense ratio of its ETF peer funds (except for the net expense ratio of each of PowerShares Dynamic Market Portfolio, PowerShares Dynamic OTC Portfolio, PowerShares FTSE RAFI US 1000 Portfolio, PowerShares Golden Dragon Halter USX China Portfolio and PowerShares S&P 500[®] High Quality Portfolio, which was equal to or less than the median expense ratio of its ETF peer funds); and
- higher than the median expense ratio of its open-end index peer funds (except for the net expense ratio of each of PowerShares Aerospace & Defense Portfolio, PowerShares Cleantech[™] Portfolio, PowerShares DWA Technical Leaders[™] Portfolio, PowerShares Dynamic Banking Portfolio, PowerShares Dynamic Basic Materials Sector Portfolio, PowerShares Dynamic Biotechnology & Genome Portfolio, PowerShares Dynamic Building & Construction Portfolio, PowerShares Dynamic Consumer Discretionary Sector Portfolio, PowerShares Dynamic Consumer Staples Sector Portfolio, PowerShares Dynamic Financial Sector Portfolio, PowerShares Dynamic Food & Beverage Portfolio, PowerShares Dynamic Healthcare Portfolio, PowerShares Dynamic Industrials Sector Portfolio, PowerShares Dynamic Insurance Portfolio, PowerShares Dynamic Large Cap Portfolio, PowerShares Dynamic Large Cap Growth Portfolio, PowerShares Dynamic Leisure and Entertainment Portfolio, PowerShares Dynamic Media Portfolio, PowerShares Dynamic Mid Cap Growth Portfolio, PowerShares Morningstar StockInvestor Core Portfolio, PowerShares Dynamic Networking Portfolio, PowerShares Dynamic OTC Portfolio, PowerShares Dynamic Pharmaceuticals Portfolio, PowerShares Dynamic Retail Portfolio, PowerShares Dynamic Semiconductors Portfolio, PowerShares Dynamic Small Cap Growth Portfolio, PowerShares Dynamic Small Cap Value Portfolio, PowerShares Dynamic Software Portfolio, PowerShares Dynamic Technology Sector Portfolio, PowerShares Dynamic Utilities Sector Portfolio, PowerShares FTSE RAFI US 1000 Portfolio, PowerShares FTSE RAFI US 1500 Small-Mid Portfolio, PowerShares Golden Dragon Halter USX China Portfolio, PowerShares Lux Nanotech Portfolio and PowerShares S&P 500[®] High Quality Portfolio, which was equal to or lower than the median expense ratio of its open-end index peer funds, and there was no comparable data for PowerShares Financial Preferred Portfolio or PowerShares Global Listed Private Equity Portfolio); but
- lower than the median expense ratio of its open-end actively-managed peer funds.

The Trustees noted that a significant component of the non-advisory fee expenses was the license fees paid by the Funds, and those Funds for which license fees are included in the Funds' Expense Caps.

The Board concluded that the advisory fee and expense ratio of each Fund (giving effect to the Fund's Expense Cap) were reasonable and appropriate in light of the services provided.

Board Considerations Regarding Continuation of Investment Advisory Agreement (Continued)

In conjunction with their review of fees, the Trustees also considered information provided by the Adviser on the revenues received by the Adviser under the Investment Advisory Agreement for each Fund, as well as the fees waived and expenses reimbursed by the Adviser for the Funds. The Trustees reviewed information provided by the Adviser on its profitability as well as any profits or losses realized by the Adviser from its relationship to each Fund. The Trustees concluded that the estimated profitability to the Adviser of the advisory services provided to any of the Funds was not unreasonable.

Also at the April 14, 2011 meeting, the Adviser proposed reducing the annual advisory fee for each of PowerShares Dynamic Large Cap Portfolio, PowerShares Dynamic Mid Cap Growth Portfolio, PowerShares Dynamic Mid Cap Portfolio, PowerShares Dynamic Mid Cap Value Portfolio, PowerShares Dynamic Small Cap Growth Portfolio, PowerShares Dynamic Small Cap Portfolio and PowerShares Dynamic Small Cap Value Portfolio (each, a “Style Fund”) effective June 16, 2011. The Adviser also proposed revising each Style Fund’s Expense Cap that is in place until August 31, 2012 to further reduce each Style Fund’s annual operating expenses effective June 16, 2011. The Board considered the Adviser’s representation that there would be no diminution in the quantity or quality of services provided to each Style Fund in connection with the amendment to the Investment Advisory Agreement to reflect the advisory fee changes. The Board concluded for each Style Fund that the reduced advisory fee was appropriate, and determined to approve the amended Investment Advisory Agreement and amended Expense Cap, effective June 16, 2011.

Economies of Scale and Whether Fee Levels Reflect These Economies of Scale. The Trustees reviewed the information provided by the Adviser as to the extent to which economies of scale are realized as each Fund grows and whether fee levels reflect economies of scale for the benefit of shareholders. The Trustees reviewed each Fund’s asset size, expense ratio and expense limitation agreed to by the Adviser. The Trustees noted that, for Funds whose expenses are higher than their respective Expense Caps, any reduction in that Fund’s expenses would be enjoyed by the Adviser, but that Fund shareholders benefit from the lower expense ratio as a result of the Fund’s Expense Cap. The Trustees also noted that the Excess Expense Agreement with the Trust provides that the Adviser is entitled to be reimbursed by each Fund, other than PowerShares Dynamic Market Portfolio and PowerShares Dynamic OTC Portfolio, for fees waived or expenses absorbed pursuant to the Expense Cap for a period of three years from the date the fee or expense was incurred, provided that no reimbursement would be made that would result in a Fund exceeding its Expense Cap. The Trustees considered whether the advisory fee rate for each Fund was reasonable in relation to the asset size of that Fund, and concluded that the flat advisory fee was reasonable and appropriate, noting the Fund expenses the Adviser has borne as a result of the Expense Cap.

The Trustees noted that the Adviser had not identified any further benefits that it derived from its relationship with the Funds and had noted that it does not have any soft-dollar arrangements.

Based on all of the information considered and the conclusions reached, the Board, including the Independent Trustees, determined to approve the continuation of the Investment Advisory Agreement for each Fund. No single factor was determinative in the Board’s analysis.

Board Considerations Regarding Continuation of Investment Advisory Agreement

At a meeting held on April 14, 2011, the Board of Trustees of the PowerShares Exchange-Traded Fund Trust (the “Trust”), including the Independent Trustees, unanimously approved the continuation of the Investment Advisory Agreement between Invesco PowerShares Capital Management LLC (the “Adviser”) and the Trust for PowerShares NASDAQ Internet Portfolio and PowerShares S&P 500 BuyWrite Portfolio (each, a “Fund” and collectively, the “Funds”).

The Trustees reviewed information from the Adviser describing: (i) the nature, extent and quality of services provided, (ii) the investment performance of the Funds and the Adviser, (iii) the costs of services provided and estimated profits realized by the Adviser, (iv) the extent to which economies of scale are realized as the Funds grow, (v) whether fee levels reflect any possible economies of scale for the benefit of Fund shareholders, (vi) comparisons of services rendered and amounts paid to other registered investment companies and (vii) any benefits realized by the Adviser from its relationship with each Fund. Based on all of the information considered and the conclusions reached, the Board, including the Independent Trustees, determined to approve the continuation of the Investment Advisory Agreement for each Fund. No single factor was determinative in the Board’s analysis.

Nature, Extent and Quality of Services. In evaluating the nature, extent and quality of the Adviser’s services, the Trustees reviewed information concerning the functions performed by the Adviser for the Funds, information describing the Adviser’s current organization and projected staffing, including operations assistance provided by the Adviser’s parent organization, Invesco Ltd., and the background and experience of the persons responsible for the day-to-day management of the Funds. The Trustees reviewed matters related to the Adviser’s oversight of the execution of portfolio transactions on behalf of the Funds. The Trustees also reviewed information on the performance of the Funds and the performance of their underlying indices through December 31, 2010, including reports on the correlation and tracking error between the underlying index and each Fund’s performance, as well as the Adviser’s analysis of the tracking error between each Fund and its underlying index. The Trustees noted that, in each case, the correlation and tracking error for each Fund was within the targeted range set forth in the Trust’s registration statement. The Trustees concluded that each Fund was correlated to its underlying index and that the tracking error for each Fund was within an acceptable range given that Fund’s particular circumstances.

The Trustees also considered the services provided by the Adviser in its oversight of the Funds’ administrator, custodian and transfer agent. They noted the significant amount of time and effort that had been devoted to this oversight function.

Based on their review, the Trustees concluded that the nature, extent and quality of services provided by the Adviser to the Funds under the Investment Advisory Agreement were appropriate and reasonable.

Fees, Expenses and Profitability. The Trustees reviewed and discussed the information provided by the Adviser on each Fund’s total expense ratio and unitary advisory fee, as compared to information compiled by the Adviser from Lipper Inc. databases on the expense ratios of comparable exchange-traded funds (“ETFs”), open-end (non-ETF) index funds and open-end actively-managed funds. The Trustees noted that the annual unitary advisory fee is 0.60% for PowerShares NASDAQ Internet Portfolio and 0.75% for PowerShares S&P 500 BuyWrite Portfolio, and that the Adviser pays all other operating expenses of each Fund, except that each Fund pays its brokerage expenses, taxes, interest and extraordinary expenses.

Board Considerations Regarding Continuation of Investment Advisory Agreement (Continued)

The Trustees noted that the Adviser represented that it does not provide investment advisory services to any clients other than the Funds and other ETFs overseen by the Board. The Trustees noted that the advisory fee for each Fund was equal to or lower than the median expense ratios of its ETF peer funds, open-end index peer funds and open-end actively-managed peer funds. The Trustees noted that each Fund's advisory fee was reasonable because of the complexity of the indices, which generally require more frequent rebalancing of the portfolios, the distinguishing factors of the Funds and the higher administrative, operational and management oversight costs for the Adviser. The Trustees also noted that a portion of each Fund's advisory fee was attributable to a license fee payable out of the unitary fee charged to that Fund. The Board concluded that the unitary advisory fee charged to each Fund was reasonable and appropriate in light of the services provided.

In conjunction with their review of the unitary advisory fee, the Trustees also considered information provided by the Adviser on the revenues received by the Adviser under the Investment Advisory Agreement. The Trustees reviewed information provided by the Adviser on its profitability as well as any profits or losses realized by the Adviser from its relationship to each Fund. The Trustees concluded that the estimated profitability to the Adviser of the advisory services provided to any of the Funds was not unreasonable.

Economies of Scale and Whether Fee Levels Reflect These Economies of Scale. The Trustees reviewed the information provided by the Adviser as to the extent to which economies of scale are realized as each Fund grows and whether fee levels reflect economies of scale for the benefit of shareholders. The Trustees reviewed each Fund's asset size and expense ratio. The Trustees noted that any reduction in fixed costs associated with the management of the Funds would be enjoyed by the Adviser, but a unitary fee provides certainty in expenses for the Funds. The Trustees considered whether the advisory fee rate for each Fund was reasonable in relation to the asset size of that Fund, and concluded that the flat advisory fee was reasonable and appropriate.

The Trustees noted that the Adviser had not identified any further benefits that it derived from its relationship with the Funds and had noted that it does not have any soft-dollar arrangements.

Based on all of the information considered and the conclusions reached, the Board, including the Independent Trustees, determined to approve the continuation of the Investment Advisory Agreement for each Fund. No single factor was determinative in the Board's analysis.

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PROXY VOTING POLICIES AND PROCEDURES

A description of the Funds' proxy voting policies and procedures that the Funds use to determine how to vote proxies relating to portfolio securities is available, without charge and upon request, by calling (800) 983-0903. This information is also available on the Securities and Exchange Commission's ("Commission") website at www.sec.gov.

Information regarding how the Funds voted proxies for portfolio securities, if applicable, during the most recent 12-month period ended June 30, is also available, without charge and upon request, by (i) calling (800) 983-0903; or (ii) accessing the Funds' Form N-PX on the Commission's website at www.sec.gov.

QUARTERLY PORTFOLIOS

The Funds file their complete schedules of portfolio holdings with the Commission for the first and third quarters of each fiscal year on Form N-Q. The Funds' Forms N-Q are available on the Commission's website at www.sec.gov. The Funds' Forms N-Q may also be reviewed and copied at the Commission's Public Reference Room in Washington, D.C.; information on the operation of the Public Reference Room may be obtained by calling (800) SEC-0330.

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