

PowerShares Exchange-Traded Fund Trust

STATEMENT OF ADDITIONAL INFORMATION

Dated August 31, 2010

This Statement of Additional Information (“SAI”) is not a prospectus. It should be read in conjunction with the Prospectuses dated August 31, 2010 for the PowerShares Exchange-Traded Fund Trust (the “Trust”) relating to the series of the Trust listed below, as they may be revised from time to time.

<u>Fund</u>	<u>Principal U.S. Listing Exchange</u>	<u>Ticker</u>
PowerShares Aerospace & Defense Portfolio	NYSE Arca, Inc.	PPA
PowerShares Buyback Achievers™ Portfolio	NYSE Arca, Inc.	PKW
PowerShares Cleantech™ Portfolio	NYSE Arca, Inc.	PZD
PowerShares Dividend Achievers™ Portfolio	NYSE Arca, Inc.	PFM
PowerShares DWA Technical Leaders™ Portfolio	NYSE Arca, Inc.	PDP
PowerShares Dynamic Banking Portfolio	NYSE Arca, Inc.	PJB
PowerShares Dynamic Basic Materials Sector Portfolio	NYSE Arca, Inc.	PYZ
PowerShares Dynamic Biotechnology & Genome Portfolio	NYSE Arca, Inc.	PBE
PowerShares Dynamic Building & Construction Portfolio	NYSE Arca, Inc.	PKB
PowerShares Dynamic Consumer Discretionary Sector Portfolio	NYSE Arca, Inc.	PEZ
PowerShares Dynamic Consumer Staples Sector Portfolio	NYSE Arca, Inc.	PSL
PowerShares Dynamic Energy Exploration & Production Portfolio	NYSE Arca, Inc.	PXE
PowerShares Dynamic Energy Sector Portfolio	NYSE Arca, Inc.	PXI
PowerShares Dynamic Financial Sector Portfolio	NYSE Arca, Inc.	PFI
PowerShares Dynamic Food & Beverage Portfolio	NYSE Arca, Inc.	PBJ
PowerShares Dynamic Healthcare Sector Portfolio	NYSE Arca, Inc.	PTH
PowerShares Dynamic Healthcare Services Portfolio	NYSE Arca, Inc.	PTJ
PowerShares Dynamic Industrials Sector Portfolio	NYSE Arca, Inc.	PRN
PowerShares Dynamic Insurance Portfolio	NYSE Arca, Inc.	PIC
PowerShares Dynamic Large Cap Growth Portfolio	NYSE Arca, Inc.	PWB
PowerShares Dynamic Large Cap Portfolio	NYSE Arca, Inc.	PJF
PowerShares Dynamic Large Cap Value Portfolio	NYSE Arca, Inc.	PWV
PowerShares Dynamic Leisure and Entertainment Portfolio	NYSE Arca, Inc.	PEJ
PowerShares Dynamic MagniQuant Portfolio	NYSE Arca, Inc.	PIQ
PowerShares Dynamic Market Portfolio	NYSE Arca, Inc.	PWC
PowerShares Dynamic Media Portfolio	NYSE Arca, Inc.	PBS
PowerShares Dynamic Mid Cap Growth Portfolio	NYSE Arca, Inc.	PWJ
PowerShares Dynamic Mid Cap Portfolio	NYSE Arca, Inc.	PJG
PowerShares Dynamic Mid Cap Value Portfolio	NYSE Arca, Inc.	PWP
PowerShares Dynamic Networking Portfolio	NYSE Arca, Inc.	PXQ
PowerShares Dynamic Oil & Gas Services Portfolio	NYSE Arca, Inc.	PXJ
PowerShares Dynamic OTC Portfolio	NYSE Arca, Inc.	PWO
PowerShares Dynamic Pharmaceuticals Portfolio	NYSE Arca, Inc.	PJP

<u>Fund</u>	<u>Principal U.S. Listing Exchange</u>	<u>Ticker</u>
PowerShares Dynamic Retail Portfolio	NYSE Arca, Inc.	PMR
PowerShares Dynamic Semiconductors Portfolio	NYSE Arca, Inc.	PSI
PowerShares Dynamic Small Cap Growth Portfolio	NYSE Arca, Inc.	PWT
PowerShares Dynamic Small Cap Portfolio	NYSE Arca, Inc.	PJM
PowerShares Dynamic Small Cap Value Portfolio	NYSE Arca, Inc.	PWY
PowerShares Dynamic Software Portfolio	NYSE Arca, Inc.	PSJ
PowerShares Dynamic Technology Sector Portfolio	NYSE Arca, Inc.	PTF
PowerShares Dynamic Telecommunications & Wireless Portfolio	NYSE Arca, Inc.	PTE
PowerShares Dynamic Utilities Portfolio	NYSE Arca, Inc.	PUI
PowerShares Financial Preferred Portfolio	NYSE Arca, Inc.	PGF
PowerShares FTSE RAFI US 1000 Portfolio	NYSE Arca, Inc.	PRF
PowerShares FTSE RAFI US 1500 Small-Mid Portfolio	The NASDAQ Stock Market LLC	PRFZ
PowerShares Global Listed Private Equity Portfolio	NYSE Arca, Inc.	PSP
PowerShares Golden Dragon Halter USX China Portfolio	NYSE Arca, Inc.	PGJ
PowerShares High Yield Equity Dividend Achievers™ Portfolio	NYSE Arca, Inc.	PEY
PowerShares International Dividend Achievers™ Portfolio	NYSE Arca, Inc.	PID
PowerShares Lux Nanotech Portfolio	NYSE Arca, Inc.	PXN
PowerShares Morningstar® StockInvestor SM Core Portfolio	NYSE Arca, Inc.	PYH
PowerShares S&P 500® High Quality Portfolio	NYSE Arca, Inc.	PIV
PowerShares Water Resources Portfolio	NYSE Arca, Inc.	PHO
PowerShares WilderHill Clean Energy Portfolio	NYSE Arca, Inc.	PBW
PowerShares WilderHill Progressive Energy Portfolio	NYSE Arca, Inc.	PUW
PowerShares Zacks Micro Cap Portfolio	NYSE Arca, Inc.	PZI
PowerShares Zacks Small Cap Portfolio	NYSE Arca, Inc.	PZJ

Capitalized terms used herein that are not defined have the same meaning as in the Prospectuses, unless otherwise noted. A copy of any Prospectus may be obtained without charge by writing to the Trust's Distributor, Invesco Distributors, Inc., 11 Greenway Plaza, Suite 100, Houston, Texas 77046-1173, or by calling toll free (800) 843-2639.

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GENERAL DESCRIPTION OF THE TRUST AND THE FUNDS

The Trust was organized as a Massachusetts business trust on June 9, 2000 and is authorized to have multiple series or portfolios. The Trust is an open-end management investment company, registered under the Investment Company Act of 1940, as amended (the “1940 Act”). The Trust currently offers shares of 62 investment portfolios. This SAI relates to 57 of the investment portfolios (each a “Fund” and, collectively, the “Funds”). Each of the Funds is “non-diversified” and, as such, such Funds’ investments are not required to meet certain diversification requirements under the 1940 Act, except for the PowerShares Cleantech™ Portfolio, PowerShares Dividend Achievers™ Portfolio, PowerShares Dynamic Basic Materials Sector Portfolio, PowerShares Dynamic Consumer Discretionary Sector Portfolio, PowerShares Dynamic Consumer Staples Sector Portfolio, PowerShares Dynamic Energy Sector Portfolio, PowerShares Dynamic Financial Sector Portfolio, PowerShares Dynamic Healthcare Sector Portfolio, PowerShares Dynamic Industrials Sector Portfolio, PowerShares Dynamic Large Cap Growth Portfolio, PowerShares Dynamic Large Cap Portfolio, PowerShares Dynamic Large Cap Value Portfolio, PowerShares Dynamic MagniQuant Portfolio, PowerShares Dynamic Market Portfolio, PowerShares Dynamic Mid Cap Growth Portfolio, PowerShares Dynamic Mid Cap Portfolio, PowerShares Dynamic Mid Cap Value Portfolio, PowerShares Dynamic OTC Portfolio, PowerShares Dynamic Small Cap Growth Portfolio, PowerShares Dynamic Small Cap Portfolio, PowerShares Dynamic Small Cap Value Portfolio, PowerShares Dynamic Technology Sector Portfolio, PowerShares FTSE RAFI US 1000 Portfolio, PowerShares FTSE RAFI US 1500 Small-Mid Portfolio, PowerShares High Yield Equity Dividend Achievers™ Portfolio, PowerShares International Dividend Achievers™ Portfolio, PowerShares Zacks Micro Cap Portfolio and PowerShares Zacks Small Cap Portfolio, which are classified as “diversified” funds. The shares of the Funds are referred to herein as “Shares” or “Fund Shares.”

The other five funds of the Trust, PowerShares FTSE NASDAQ Small Cap Portfolio, PowerShares NASDAQ-100 BuyWrite Portfolio, PowerShares NASDAQ Internet Portfolio, PowerShares NXQ Portfolio and PowerShares S&P 500 BuyWrite Portfolio, are included in a separate SAI.

The Funds are managed by Invesco PowerShares Capital Management LLC (the “Adviser”).

The Funds issue and sell Shares at net asset value (“NAV”) only in aggregations of a specified number of Shares (each a “Creation Unit” or a “Creation Unit Aggregation”), generally in exchange for a basket of equity securities included in the relevant Underlying Index or Underlying Intellidex (as defined below), as applicable (the “Deposit Securities”), together with the deposit of a specified cash payment (the “Cash Component”). The Shares of all of the Funds are listed on NYSE Arca, Inc. (“NYSE Arca”), except for the Shares of PowerShares FTSE RAFI US 1500 Small-Mid Portfolio, which are listed on The NASDAQ Stock Market LLC (“NASDAQ” and, together with NYSE Arca, the “Exchanges”). Fund Shares trade on the relevant Exchange at market prices that may be below, at or above NAV. Shares are redeemable only in Creation Unit Aggregations and, generally, in exchange for portfolio securities and a specified cash payment. Creation Units are aggregations of 50,000 Shares for all Funds. In the event of the liquidation of a Fund, the Trust may decrease the number of Shares in a Creation Unit.

All Funds reserve the right to offer a “cash” option for creations and redemptions of Fund Shares, although they have no current intention of doing so. Fund Shares may be issued in advance of receipt of Deposit Securities subject to various conditions including a requirement to maintain on deposit with the Trust cash at least equal to 115% of the market value of the missing Deposit Securities. See the “Creation and Redemption of Creation Unit Aggregations” section. In each instance of such cash creations or redemptions, transaction fees may be imposed that will be higher than the transaction fees associated with in-kind creations or redemptions.

EXCHANGE LISTING AND TRADING

There can be no assurance that the requirements of the Exchanges necessary to maintain the listing of Shares of a Fund will continue to be met. The Exchanges may, but are not required to, remove the Shares of a Fund from listing if (i) following the initial 12-month period beginning at the commencement of trading of a Fund, there are fewer than 50 beneficial owners of the Shares of the Fund for 30 or more consecutive trading days; (ii) the value of the Underlying Index or Underlying Intellidex (as defined below) is no longer calculated or available; or (iii) such other event shall occur or condition exist that, in the opinion of the relevant Exchange, makes further

dealings on such Exchange inadvisable. The Exchanges will remove the Shares of a Fund from listing and trading upon termination of such Fund.

As in the case of other stocks traded on the Exchanges, brokers' commissions on transactions will be based on negotiated commission rates at customary levels.

The Trust reserves the right to adjust the price levels of the Shares in the future to help maintain convenient trading ranges for investors. Any adjustments would be accomplished through stock splits or reverse stock splits, which would have no effect on the net assets of each Fund.

INVESTMENT RESTRICTIONS AND POLICIES

Investment Objectives

The investment objective of the PowerShares Aerospace & Defense Portfolio is to provide investment results that correspond (before fees and expenses) generally to the price and yield of the equity index called the "SPADE™ Defense Index" (the "Underlying Index").

The investment objective of the PowerShares Buyback Achievers™ Portfolio is to provide investment results that correspond (before fees and expenses) generally to the price and yield of the equity index called the "Share BuyBack Achievers™ Index" (the "Underlying Index").

The investment objective of the PowerShares Cleantech™ Portfolio is to provide investment results that correspond (before fees and expenses) generally to the price and yield of the equity index called "The Cleantech Index™" (the "Underlying Index").

The investment objective of the PowerShares Dividend Achievers™ Portfolio is to provide investment results that correspond (before fees and expenses) generally to the price and yield of the equity index called the "Broad Dividend Achievers™ Index" (the "Underlying Index").

The investment objective of the PowerShares DWA Technical Leaders™ Portfolio is to seek investment results that correspond (before fees and expenses) generally to the price and yield of the equity index called the "Dorsey Wright Technical Leaders™ Index" (the "Underlying Index").

The investment objective of the PowerShares Dynamic Banking Portfolio is to provide investment results that correspond (before fees and expenses) generally to the price and yield of the equity index called the "Dynamic Banking IntellidexSM Index" (the "Underlying Intellidex").

The investment objective of the PowerShares Dynamic Basic Materials Sector Portfolio is to provide investment results that correspond (before fees and expenses) generally to the price and yield of the equity index called the "Dynamic Basic Materials Sector IntellidexSM Index" (the "Underlying Intellidex").

The investment objective of the PowerShares Dynamic Biotechnology & Genome Portfolio is to provide investment results that correspond (before fees and expenses) generally to the price and yield of the equity index called the "Dynamic Biotechnology & Genome IntellidexSM Index" (the "Underlying Intellidex").

The investment objective of the PowerShares Dynamic Building & Construction Portfolio is to provide investment results that correspond (before fees and expenses) generally to the price and yield of the equity index called the "Dynamic Building & Construction IntellidexSM Index" (the "Underlying Intellidex").

The investment objective of the PowerShares Dynamic Consumer Discretionary Sector Portfolio is to provide investment results that correspond (before fees and expenses) generally to the price and yield of the equity index called the "Dynamic Consumer Discretionary Sector IntellidexSM Index" (the "Underlying Intellidex").

The investment objective of the PowerShares Dynamic Consumer Staples Sector Portfolio is to provide investment results that correspond (before fees and expenses) generally to the price and yield of the equity index called the "Dynamic Consumer Staples Sector IntellidexSM Index" (the "Underlying Intellidex").

The investment objective of the PowerShares Dynamic Energy Exploration & Production Portfolio is to provide investment results that correspond (before fees and expenses) generally to the price and yield of the equity index called the "Dynamic Energy Exploration & Production IntellidexSM Index" (the "Underlying Intellidex").

The investment objective of the PowerShares Dynamic Energy Sector Portfolio is to provide investment results that correspond (before fees and expenses) generally to the price and yield of the equity index called the “Dynamic Energy Sector IntellidexSM Index” (the “Underlying Intellidex”).

The investment objective of the PowerShares Dynamic Financial Sector Portfolio is to provide investment results that correspond (before fees and expenses) generally to the price and yield of the equity index called the “Dynamic Financial Sector IntellidexSM Index” (the “Underlying Intellidex”).

The investment objective of the PowerShares Dynamic Food & Beverage Portfolio is to provide investment results that correspond (before fees and expenses) generally to the price and yield of the equity index called the “Dynamic Food & Beverage IntellidexSM Index” (the “Underlying Intellidex”).

The investment objective of the PowerShares Dynamic Healthcare Sector Portfolio is to provide investment results that correspond (before fees and expenses) generally to the price and yield of the equity index called the “Dynamic Healthcare Sector IntellidexSM Index” (the “Underlying Intellidex”).

The investment objective of the PowerShares Dynamic Healthcare Services Portfolio is to provide investment results that correspond (before fees and expenses) generally to the price and yield of the equity index called the “Dynamic Healthcare Services IntellidexSM Index” (the “Underlying Intellidex”).

The investment objective of the PowerShares Dynamic Industrials Sector Portfolio is to provide investment results that correspond (before fees and expenses) generally to the price and yield of the equity index called the “Dynamic Industrials Sector IntellidexSM Index” (the “Underlying Intellidex”).

The investment objective of the PowerShares Dynamic Insurance Portfolio is to provide investment results that correspond (before fees and expenses) generally to the price and yield of the equity index called the “Dynamic Insurance IntellidexSM Index” (the “Underlying Intellidex”).

The investment objective of the PowerShares Dynamic Large Cap Growth Portfolio is to provide investment results that correspond (before fees and expenses) generally to the price and yield of the equity index called the “Dynamic Large Cap Growth IntellidexSM Index” (the “Underlying Intellidex”).

The investment objective of the PowerShares Dynamic Large Cap Portfolio is to provide investment results that correspond (before fees and expenses) generally to the price and yield of the equity index called the “Dynamic Large Cap IntellidexSM Index” (the “Underlying Intellidex”).

The investment objective of the PowerShares Dynamic Large Cap Value Portfolio is to provide investment results that correspond (before fees and expenses) generally to the price and yield of the equity index called the “Dynamic Large Cap Value IntellidexSM Index” (the “Underlying Intellidex”).

The investment objective of the PowerShares Dynamic Leisure and Entertainment Portfolio is to provide investment results that correspond (before fees and expenses) generally to the price and yield of the equity index called the “Dynamic Leisure and Entertainment IntellidexSM Index” (the “Underlying Intellidex”).

The investment objective of the PowerShares Dynamic MagniQuant Portfolio is to provide investment results that correspond (before fees and expenses) generally to the price and yield of the equity index called the “Dynamic Top 200 IntellidexSM Index” (the “Underlying Intellidex”).

The investment objective of the PowerShares Dynamic Market Portfolio is to provide investment results that correspond (before fees and expenses) generally to the price and yield of the equity index called the “Dynamic Market IntellidexSM Index” (the “Underlying Intellidex”).

The investment objective of the PowerShares Dynamic Media Portfolio is to provide investment results that correspond (before fees and expenses) generally to the price and yield of the equity index called the “Dynamic Media IntellidexSM Index” (the “Underlying Intellidex”).

The investment objective of the PowerShares Dynamic Mid Cap Growth Portfolio is to provide investment results that correspond (before fees and expenses) generally to the price and yield of the equity index called the “Dynamic Mid Cap Growth IntellidexSM Index” (the “Underlying Intellidex”).

The investment objective of the PowerShares Dynamic Mid Cap Portfolio is to provide investment results that correspond (before fees and expenses) generally to the price and yield of the equity index called the “Dynamic Mid Cap IntellidexSM Index” (the “Underlying Intellidex”).

The investment objective of the PowerShares Dynamic Mid Cap Value Portfolio is to provide investment results that correspond (before fees and expenses) generally to the price and yield of the equity index called the “Dynamic Mid Cap Value IntellidexSM Index” (the “Underlying Intellidex”).

The investment objective of the PowerShares Dynamic Networking Portfolio is to provide investment results that correspond (before fees and expenses) generally to the price and yield of the equity index called the “Dynamic Networking IntellidexSM Index” (the “Underlying Intellidex”).

The investment objective of the PowerShares Dynamic Oil & Gas Services Portfolio is to provide investment results that correspond (before fees and expenses) generally to the price and yield of the equity index called the “Dynamic Oil Services IntellidexSM Index” (the “Underlying Intellidex”).

The investment objective of the PowerShares Dynamic OTC Portfolio is to provide investment results that correspond (before fees and expenses) generally to the price and yield of the equity index called the “Dynamic OTC IntellidexSM Index” (the “Underlying Intellidex”).

The investment objective of the PowerShares Dynamic Pharmaceuticals Portfolio is to provide investment results that correspond (before fees and expenses) generally to the price and yield of the equity index called the “Dynamic Pharmaceuticals IntellidexSM Index” (the “Underlying Intellidex”).

The investment objective of the PowerShares Dynamic Retail Portfolio is to provide investment results that correspond (before fees and expenses) generally to the price and yield of the equity index called the “Dynamic Retail IntellidexSM Index” (the “Underlying Intellidex”).

The investment objective of the PowerShares Dynamic Semiconductors Portfolio is to provide investment results that correspond (before fees and expenses) generally to the price and yield of the equity index called the “Dynamic Semiconductors IntellidexSM Index” (the “Underlying Intellidex”).

The investment objective of the PowerShares Dynamic Small Cap Growth Portfolio is to provide investment results that correspond (before fees and expenses) generally to the price and yield of the equity index called the “Dynamic Small Cap Growth IntellidexSM Index” (the “Underlying Intellidex”).

The investment objective of the PowerShares Dynamic Small Cap Portfolio is to provide investment results that correspond (before fees and expenses) generally to the price and yield of the equity index called the “Dynamic Small Cap IntellidexSM Index” (the “Underlying Intellidex”).

The investment objective of the PowerShares Dynamic Small Cap Value Portfolio is to provide investment results that correspond (before fees and expenses) generally to the price and yield of the equity index called the “Dynamic Small Cap Value IntellidexSM Index” (the “Underlying Intellidex”).

The investment objective of the PowerShares Dynamic Software Portfolio is to provide investment results that correspond (before fees and expenses) generally to the price and yield of the equity index called the “Dynamic Software IntellidexSM Index” (the “Underlying Intellidex”).

The investment objective of the PowerShares Dynamic Technology Sector Portfolio is to provide investment results that correspond (before fees and expenses) generally to the price and yield of the equity index called the “Dynamic Technology Sector IntellidexSM Index” (the “Underlying Intellidex”).

The investment objective of the PowerShares Dynamic Telecommunications & Wireless Portfolio is to provide investment results that correspond (before fees and expenses) generally to the price and yield of the equity index called the “Dynamic Telecommunications & Wireless IntellidexSM Index” (the “Underlying Intellidex”).

The investment objective of the PowerShares Dynamic Utilities Portfolio is to provide investment results that correspond (before fees and expenses) generally to the price and yield of the equity index called the “Dynamic Utilities IntellidexSM Index” (the “Underlying Intellidex”).

The investment objective of the PowerShares Financial Preferred Portfolio is to provide investment results that correspond (before fees and expenses) generally to the price and yield of the index called the “Wells Fargo® Hybrid & Preferred Financial Index” (the “Underlying Index”).

The investment objective of the PowerShares FTSE RAFI US 1000 Portfolio is to provide investment results that correspond (before fees and expenses) generally to the price and yield of the equity index called the “FTSE RAFI US 1000 Index” (the “Underlying Index”).

The investment objective of the PowerShares FTSE RAFI US 1500 Small-Mid Portfolio is to provide investment results that correspond (before fees and expenses) generally to the price and yield of the equity index called the “FTSE RAFI US 1500 Small-Mid Index” (the “Underlying Index”).

The investment objective of the PowerShares Global Listed Private Equity Portfolio is to provide investment results that correspond (before fees and expenses) generally to the price and yield of the equity index called the “Global Listed Private Equity Index” (the “Underlying Index”).

The investment objective of the PowerShares Golden Dragon Halter USX China Portfolio is to provide investment results that correspond (before fees and expenses) generally to the price and yield of the equity index called the “Halter USX China Index” (the “Underlying Index”).

The investment objective of the PowerShares High Yield Equity Dividend Achievers™ Portfolio is to provide investment results that correspond (before fees and expenses) generally to the price and yield of the equity index called the “Mergent Dividend Achievers™ 50 Index” (the “Underlying Index”).

The investment objective of the PowerShares International Dividend Achievers™ Portfolio is to provide investment results that correspond (before fees and expenses) generally to the price and yield of the equity index called the “International Dividend Achievers™ Index” (the “Underlying Index”).

The investment objective of the PowerShares Lux Nanotech Portfolio is to provide investment results that correspond (before fees and expenses) generally to the price and yield of the equity index called the “Lux Nanotech Index™” (the “Underlying Index”).

The investment objective of the PowerShares Morningstar® StockInvestorSM Core Portfolio is to seek investment results that correspond (before fees and expenses) generally to the price and yield of the index called the Morningstar® StockInvestorSM Core Index* (the “Underlying Index”).

The investment objective of the PowerShares S&P 500® High Quality Portfolio is to seek investment results that correspond (before fees and expenses) generally to the price and yield of the index called the S&P 500® High Quality Rankings Index** (the “Underlying Index”).

The investment objective of the PowerShares Water Resources Portfolio is to provide investment results that correspond (before fees and expenses) generally to the price and yield of the equity index called the “Palisades Water Index” (the “Underlying Index”).

The investment objective of the PowerShares WilderHill Clean Energy Portfolio is to provide investment results that correspond (before fees and expenses) generally to the price and yield of the equity index called the “WilderHill Clean Energy Index” (the “Underlying Index”).

The investment objective of the PowerShares WilderHill Progressive Energy Portfolio is to provide investment results that correspond (before fees and expenses) generally to the price and yield of the equity index called the “WilderHill Progressive Energy Index” (the “Underlying Index”).

The investment objective of the PowerShares Zacks Micro Cap Portfolio is to provide investment results that correspond (before fees and expenses) generally to the price and yield of the equity index called the “Zacks Micro Cap Index” (the “Underlying Index”).

The investment objective of the PowerShares Zacks Small Cap Portfolio is to provide investment results that correspond (before fees and expenses) generally to the price and yield of the equity index called the “Zacks Small Cap Index” (the “Underlying Index”).

* Morningstar® StockInvestorSM Core Index are service marks of Morningstar, Inc. (“Morningstar”) and have been licensed for use for certain purposes by Invesco PowerShares Capital Management LLC (the “Adviser”). PowerShares Morningstar StockInvestor Core Portfolio is not sponsored, endorsed, sold or promoted by Morningstar®, and Morningstar® makes no representation regarding the advisability of investing in PowerShares Morningstar StockInvestor Core Portfolio.

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Investment Restrictions

The Board of Trustees of the Trust (the “Board of Trustees”) has adopted as fundamental policies the Funds’ respective investment restrictions numbered (1) through (12) below, except that restrictions (1) and (2) do not apply to the PowerShares Aerospace & Defense Portfolio, PowerShares Buyback AchieversTM Portfolio, PowerShares DWA Technical LeadersTM Portfolio, PowerShares Dynamic Banking Portfolio, PowerShares Dynamic Biotechnology & Genome Portfolio, PowerShares Dynamic Building & Construction Portfolio, PowerShares Dynamic Energy Exploration & Production Portfolio, PowerShares Dynamic Food & Beverage Portfolio, PowerShares Dynamic Healthcare Services Portfolio, PowerShares Dynamic Insurance Portfolio, PowerShares Dynamic Leisure and Entertainment Portfolio, PowerShares Dynamic Media Portfolio, PowerShares Dynamic Networking Portfolio, PowerShares Dynamic Oil & Gas Services Portfolio, PowerShares Dynamic Pharmaceuticals Portfolio, PowerShares Dynamic Retail Portfolio, PowerShares Dynamic Semiconductors Portfolio, PowerShares Dynamic Software Portfolio, PowerShares Dynamic Telecommunications & Wireless Portfolio, PowerShares Dynamic Utilities Portfolio, PowerShares Financial Preferred Portfolio, PowerShares Global Listed Private Equity Portfolio, PowerShares Golden Dragon Halter USX China Portfolio, PowerShares Lux Nanotech Portfolio, PowerShares Morningstar® StockInvestorSM Core Portfolio, PowerShares S&P 500® High Quality Portfolio, PowerShares Water Resources Portfolio, PowerShares WilderHill Clean Energy Portfolio and PowerShares WilderHill Progressive Energy Portfolio. Except as noted in the prior sentence or as otherwise noted below, each Fund, as a fundamental policy, may not:

(1) As to 75% of its total assets, invest more than 5% of the value of its total assets in the securities of any one issuer (other than obligations issued, or guaranteed, by the U.S. Government, its agencies or instrumentalities).

(2) As to 75% of its total assets, purchase more than 10% of all outstanding voting securities or any class of securities of any one issuer.

(3) With respect to the PowerShares Dynamic Market Portfolio and PowerShares Dynamic OTC Portfolio, invest 25% or more of the value of its total assets in securities of issuers in any one industry or group of industries, except to the extent that the underlying index concentrates in an industry or group of industries. This restriction does not apply to obligations issued or guaranteed by the U.S. Government, its agencies or instrumentalities.

(4) With respect to the PowerShares Aerospace & Defense Portfolio, PowerShares Buyback AchieversTM Portfolio, PowerShares CleantechTM Portfolio, PowerShares Dividend AchieversTM Portfolio, PowerShares DWA Technical LeadersTM 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 Energy Exploration & Production Portfolio, PowerShares Dynamic Energy Sector Portfolio, PowerShares Dynamic Financial Sector Portfolio, PowerShares Dynamic Food & Beverage Portfolio, PowerShares Dynamic Healthcare Sector Portfolio, PowerShares Dynamic Healthcare Services Portfolio, PowerShares Dynamic Industrials Sector Portfolio, PowerShares Dynamic Insurance Portfolio, PowerShares Dynamic Large Cap Growth Portfolio, PowerShares Dynamic Large Cap Portfolio, PowerShares Dynamic Large Cap Value Portfolio, PowerShares Dynamic Leisure and Entertainment Portfolio, PowerShares Dynamic MagniQuant

Portfolio, PowerShares Dynamic Media Portfolio, PowerShares Dynamic Mid Cap Growth Portfolio, PowerShares Dynamic Mid Cap Portfolio, PowerShares Dynamic Mid Cap Value Portfolio, PowerShares Dynamic Networking Portfolio, PowerShares Dynamic Oil & Gas Services Portfolio, PowerShares Dynamic Pharmaceuticals Portfolio, PowerShares Dynamic Retail Portfolio, PowerShares Dynamic Semiconductors Portfolio, PowerShares Dynamic Small Cap Growth Portfolio, PowerShares Dynamic Small Cap Portfolio, PowerShares Dynamic Small Cap Value Portfolio, PowerShares Dynamic Software Portfolio, PowerShares Dynamic Technology Sector Portfolio, PowerShares Dynamic Telecommunications & Wireless Portfolio, PowerShares Dynamic Utilities Portfolio, PowerShares Financial Preferred Portfolio, PowerShares FTSE RAFI US 1000 Portfolio, PowerShares FTSE RAFI US 1500 Small-Mid Portfolio, PowerShares Golden Dragon Halter USX China Portfolio, PowerShares High Yield Equity Dividend Achievers™ Portfolio, PowerShares International Dividend Achievers™ Portfolio, PowerShares Global Listed Private Equity Portfolio, PowerShares Lux Nanotech Portfolio, PowerShares Morningstar® StockInvestor™ Core Portfolio, PowerShares S&P 500® High Quality Portfolio, PowerShares Water Resources Portfolio, PowerShares WilderHill Clean Energy Portfolio, PowerShares WilderHill Progressive Energy Portfolio, PowerShares Zacks Micro Cap Portfolio and PowerShares Zacks Small Cap Portfolio, invest 25% or more of the value of its total assets in securities of issuers in any one industry or group of industries, except to the extent that the respective underlying index or underlying intellidex that the Fund replicates, concentrates in an industry or group of industries. The PowerShares Dynamic Telecommunications & Wireless Portfolio will invest at least 25% of the value of its total assets in the telecommunications and wireless industry. The PowerShares Water Resources Fund will invest at least 25% of the value of its total assets in the water industry. This restriction does not apply to obligations issued or guaranteed by the U.S. Government, its agencies or instrumentalities.

(5) With respect to the PowerShares Dynamic Market Portfolio, PowerShares Dynamic OTC Portfolio, PowerShares Golden Dragon Halter USX China Portfolio and PowerShares High Yield Equity Dividend Achievers™ Portfolio, borrow money, except that the Fund may (i) borrow money from banks for temporary or emergency purposes (but not for leverage or the purchase of investments) and (ii) make other investments or engage in other transactions permissible under the 1940 Act that may involve a borrowing, provided that the combination of (i) and (ii) shall not exceed 33⅓% of the value of the Fund's total assets (including the amount borrowed), less the Fund's liabilities (other than borrowings).

(6) With respect to the PowerShares Aerospace & Defense Portfolio, PowerShares Cleantech™ Portfolio, PowerShares Dividend Achievers™ Portfolio, PowerShares Dynamic Biotechnology & Genome Portfolio, PowerShares Dynamic Building & Construction Portfolio, PowerShares Dynamic Energy Exploration & Production Portfolio, PowerShares Dynamic Food & Beverage Portfolio, PowerShares Dynamic Insurance Portfolio, PowerShares Dynamic Large Cap Growth Portfolio, PowerShares Dynamic Large Cap Value Portfolio, PowerShares Dynamic Leisure and Entertainment Portfolio, PowerShares Dynamic Media Portfolio, PowerShares Dynamic Mid Cap Growth Portfolio, PowerShares Dynamic Mid Cap Value Portfolio, PowerShares Dynamic Networking Portfolio, PowerShares Dynamic Oil & Gas Services 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 Telecommunications & Wireless Portfolio, PowerShares Dynamic Utilities Portfolio, PowerShares FTSE RAFI US 1000, PowerShares International Dividend Achievers™ Portfolio, PowerShares Lux Nanotech Portfolio, PowerShares S&P 500 High Quality Portfolio, PowerShares Water Resources Portfolio, PowerShares WilderHill Clean Energy Portfolio, PowerShares Zacks Micro Cap Portfolio and PowerShares Zacks Small Cap Portfolio, borrow money, except that the Fund may (i) borrow money from banks for temporary or emergency purposes (but not for leverage or the purchase of investments) up to 10% of its assets and (ii) make other investments or engage in other transactions permissible under the 1940 Act that may involve a borrowing, provided that the combination of (i) and (ii) shall not exceed 33⅓% of the value of the Fund's total assets (including the amount borrowed), less the Fund's liabilities (other than borrowings).

(7) With respect to the PowerShares Buyback Achievers™ Portfolio, PowerShares DWA Technical Leaders™ Portfolio, PowerShares Dynamic Banking Portfolio, PowerShares Dynamic Basic Materials Sector Portfolio, PowerShares Dynamic Consumer Discretionary Sector Portfolio, PowerShares Dynamic

Consumer Staples Sector Portfolio, PowerShares Dynamic Energy Sector Portfolio, PowerShares Dynamic Financial Sector Portfolio, PowerShares Dynamic Healthcare Sector Portfolio, PowerShares Dynamic Healthcare Services Portfolio, PowerShares Dynamic Industrials Sector Portfolio, PowerShares Dynamic Large Cap Portfolio, PowerShares Dynamic MagniQuant Portfolio, PowerShares Dynamic Mid Cap Portfolio, PowerShares Dynamic Small Cap Portfolio, PowerShares Dynamic Technology Sector Portfolio, PowerShares Financial Preferred Portfolio, PowerShares FTSE RAFI US 1500 Small-Mid Portfolio, PowerShares Global Listed Private Equity Portfolio, PowerShares Morningstar® StockInvestorSM Core Portfolio and PowerShares WilderHill Progressive Energy Portfolio, borrow money, except that the Fund may (i) borrow money from banks for temporary or emergency purposes (but not for leverage or the purchase of investments) up to 10% of its total assets and (ii) make other investments or engage in other transactions permissible under the 1940 Act that may involve a borrowing, provided that the combination of (i) and (ii) shall not exceed 33½% of the value of the Fund's total assets (including the amount borrowed), less the Fund's liabilities (other than borrowings).

(8) Act as an underwriter of another issuer's securities, except to the extent that the Fund may be deemed to be an underwriter within the meaning of the Securities Act of 1933 in connection with the purchase and sale of portfolio securities.

(9) Make loans to other persons, except through (i) the purchase of debt securities permissible under the Fund's investment policies, (ii) repurchase agreements or (iii) the lending of portfolio securities, provided that no such loan of portfolio securities may be made by the Fund if, as a result, the aggregate of such loans would exceed 33½% of the value of the Fund's total assets.

(10) Purchase or sell physical commodities unless acquired as a result of ownership of securities or other instruments (but this shall not prevent the Fund (i) from purchasing or selling options, futures contracts or other derivative instruments, or (ii) from investing in securities or other instruments backed by physical commodities).

(11) Purchase or sell real estate unless acquired as a result of ownership of securities or other instruments (but this shall not prohibit the Fund from purchasing or selling securities or other instruments backed by real estate or of issuers engaged in real estate activities).

(12) Issue senior securities, except as permitted under the 1940 Act.

Except for restrictions (5) and (6) and (7), if a percentage restriction is adhered to at the time of investment, a later increase in percentage resulting from a change in market value of the investment or the total assets, or the sale of a security out of the portfolio, will not constitute a violation of that restriction. With respect to restrictions (5), (6) and (7), in the event that a Fund's borrowings at any time exceed 33½% of the value of the Fund's total assets (including the amount borrowed), less the Fund's liabilities (other than borrowings) due to subsequent changes in the value of the Fund's assets or otherwise, within three business days, the Fund will take corrective action to reduce the amount of its borrowings to an extent that such borrowings will not exceed 33½% of the value of the Fund's total assets (including the amount borrowed) less the Fund's liabilities (other than borrowings).

The foregoing fundamental investment policies cannot be changed as to a Fund without approval by holders of a "majority of the Fund's outstanding voting securities." As defined in the 1940 Act, this means the vote of (i) 67% or more of the Fund's shares present at a meeting, if the holders of more than 50% of the Fund's shares are present or represented by proxy, or (ii) more than 50% of the Fund's shares, whichever is less.

In addition to the foregoing fundamental investment policies, each Fund is also subject to the following non-fundamental restrictions and policies, which may be changed by the Board of Trustees. Each Fund may not:

(1) Sell securities short, unless the Fund owns or has the right to obtain securities equivalent in kind and amount to the securities sold short at no added cost, and provided that transactions in options, futures contracts, options on futures contracts or other derivative instruments are not deemed to constitute selling securities short.

(2) Purchase securities on margin, except that the Fund may obtain such short-term credits as are necessary for the clearance of transactions; and provided that margin deposits in connection with futures

contracts, options on futures contracts or other derivative instruments shall not constitute purchasing securities on margin.

(3) With respect to the PowerShares Global Listed Private Equity Portfolio and the PowerShares Lux Nanotech Portfolio, purchase securities of open-end or closed-end investment companies except in compliance with the 1940 Act.

(4) Except with respect to the PowerShares Global Listed Private Equity Portfolio and the PowerShares Lux Nanotech Portfolio, purchase securities of open-end or closed-end investment companies except in compliance with the 1940 Act, although no Fund may acquire any securities of registered open-end investment companies or registered unit investment trusts in reliance on Sections 12(d)(1)(F) and 12(d)(1)(G) of the 1940 Act.

(5) Invest in direct interests in oil, gas or other mineral exploration programs or leases; however, the Fund may invest in the securities of issuers that engage in these activities.

(6) Invest in illiquid securities if, as a result of such investment, more than 15% of the Fund's net assets would be invested in illiquid securities.

(7) With respect to the PowerShares Dynamic Market Portfolio, PowerShares Dynamic OTC Portfolio, PowerShares Golden Dragon Halter USX China Portfolio and PowerShares High Yield Equity Dividend Achievers™ Portfolio, enter into futures contracts or related options if more than 30% of the Fund's net assets would be represented by such instruments or more than 5% of the Fund's net assets would be committed to initial margin deposits and premiums on futures contracts and related options.

The investment objective of each Fund is a non-fundamental policy that can be changed by the Board of Trustees without approval by Shareholders.

INVESTMENT POLICIES AND RISKS

A discussion of the risks associated with an investment in the Funds is contained in each Fund's Prospectus in the "Principal Risks of Investing in the Funds" and "Additional Risks" sections. The discussion below supplements, and should be read in conjunction with, these sections of each Fund's Prospectus.

An investment in a Fund should be made with an understanding that the value of the Fund's portfolio securities may fluctuate in accordance with changes in the financial condition of the issuers of the portfolio securities, the value of common stocks in general and other factors that affect the market.

An investment in a Fund should also be made with an understanding of the risks inherent in an investment in equity securities, including the risk that the financial condition of issuers may become impaired or that the general condition of the stock market may deteriorate (either of which may cause a decrease in the value of the portfolio securities and thus in the value of Fund Shares). Common stocks are susceptible to general stock market fluctuations and to volatile increases and decreases in value as market confidence and perceptions of their issuers' change. These investor perceptions are based on various and unpredictable factors, including expectations regarding government, economic, monetary and fiscal policies, inflation and interest rates, economic expansion or contraction, and global or regional political, economic or banking crises.

Holders of common stocks incur more risk than holders of preferred stocks and debt obligations because common stockholders, as owners of the issuer, have generally inferior rights to receive payments from the issuer in comparison with the rights of creditors, or holders of debt obligations or preferred stocks. Further, unlike debt securities which typically have a stated principal amount payable at maturity (whose value, however, is subject to market fluctuations prior thereto), or preferred stocks, which typically have a liquidation preference and which may have stated optional or mandatory redemption provisions, common stocks have neither a fixed principal amount nor a maturity.

The existence of a liquid trading market for certain securities may depend on whether dealers will make a market in such securities. There can be no assurance that a market will be made or maintained or that any such market will be or remain liquid. The price at which securities may be sold and the value of a Fund's Shares will be

adversely affected if trading markets for the Fund's portfolio securities are limited or absent, or if bid/ask spreads are wide.

The Funds are not actively managed, and therefore the adverse financial condition of any one issuer will not result in the elimination of its securities from the securities held by a Fund unless the securities of such issuer are removed from its respective Underlying Index or Underlying Intellidex.

An investment in each Fund should also be made with an understanding that the Fund will not be able to replicate exactly the performance of its Underlying Index or Underlying Intellidex because the total return generated by the securities will be reduced by transaction costs incurred in adjusting the actual balance of the securities and other Fund expenses, whereas such transaction costs and expenses are not included in the calculation of its Underlying Index or Underlying Intellidex. In addition, the use of a representative sampling approach by PowerShares Water Resources Portfolio may cause the Fund to not be as well correlated with the return of its Underlying Index as would be the case if the Fund purchased all of the securities in its respective Underlying Index or Underlying Intellidex in the proportions represented in such Underlying Index. It is also possible that, for short periods of time, a Fund may not fully replicate the performance of its Underlying Index due to the temporary unavailability of certain Underlying Index or Underlying Intellidex securities in the secondary market or due to other extraordinary circumstances. Such events are unlikely to continue for an extended period of time because the Fund is required to correct such imbalances by means of adjusting the composition of the securities. It is also possible that the composition of a Fund may not exactly replicate the composition of its respective Underlying Index or Underlying Intellidex if the Fund has to adjust its portfolio holdings in order to continue to qualify as a "regulated investment company" under the Internal Revenue Code of 1986, as amended (the "Internal Revenue Code").

Correlation and Tracking Error. Correlation measures the degree of association between the returns of a Fund and its Underlying Index or Underlying Intellidex. Each Fund seeks a correlation over time of 0.95 or better between the Fund's performance and the performance of the Underlying Index or Underlying Intellidex; a figure of 1.00 would indicate perfect correlation. Correlation is calculated at each Fund's fiscal year-end by comparing the Fund's average monthly total returns, before fees and expenses, to its Underlying Index's or Underlying Intellidex's average monthly total returns over the prior one-year period(s) or since inception if the Fund has been in existence for less than one year. Another means of evaluating the degree of correlation between the returns of a Fund and its Underlying Index or Underlying Intellidex is to assess the "tracking error" between the two. Tracking error means the variation between each Fund's annual return and the return of its Underlying Index or Underlying Intellidex, expressed in terms of standard deviation. Each Fund seeks to have a tracking error of less than 5%, measured on a monthly basis over one-year period(s), by taking the standard deviation of the difference in the Fund's returns versus the Underlying Index's or Underlying Intellidex's returns.

Loans of Portfolio Securities. Each Fund may lend its investment securities to approved borrowers. Any gain or loss on the market price of the securities loaned that might occur during the term of the loan would be for the account of the Fund. These loans cannot exceed 33 $\frac{1}{3}$ % of each Fund's total assets.

Approved borrowers are brokers, dealers, domestic and foreign banks, or other financial institutions that meet credit or other requirements as established by, and subject to the review of, the Trust's Board of Trustees, so long as the terms, the structure and the aggregate amount of such loans are not inconsistent with the 1940 Act and the rules and regulations thereunder or interpretations of the U.S. Securities and Exchange Commission ("SEC"), which require that (a) the borrowers pledge and maintain with the Fund collateral consisting of cash, an irrevocable letter of credit issued by a bank, or securities issued or guaranteed by the U.S. Government having a value at all times of not less than 102% of the value of the securities loaned (on a "mark-to-market" basis); (b) the loan be made subject to termination by the Fund at any time; and (c) the Fund receives reasonable interest on the loan. From time to time, a Fund may return a part of the interest earned from the investment of collateral received from securities loaned to the borrower and/or a third party that is unaffiliated with the Fund and that is acting as a finder.

Repurchase Agreements. Each Fund may enter into repurchase agreements, which are agreements pursuant to which securities are acquired by the Fund from a third party with the understanding that they will be repurchased by the seller at a fixed price on an agreed date. These agreements may be made with respect to any of the portfolio securities in which the Fund is authorized to invest. Repurchase agreements may be characterized as loans secured by the underlying securities. Each Fund may enter into repurchase agreements with (i) member

banks of the Federal Reserve System having total assets in excess of \$500 million and (ii) securities dealers (“Qualified Institutions”). The Adviser will monitor the continued creditworthiness of Qualified Institutions.

The use of repurchase agreements involves certain risks. For example, if the seller of securities under a repurchase agreement defaults on its obligation to repurchase the underlying securities, as a result of its bankruptcy or otherwise, the Fund will seek to dispose of such securities, which action could involve costs or delays. If the seller becomes insolvent and subject to liquidation or reorganization under applicable bankruptcy or other laws, the Fund’s ability to dispose of the underlying securities may be restricted. Finally, it is possible that the Fund may not be able to substantiate its interest in the underlying securities. To minimize this risk, the securities underlying the repurchase agreement will be held by the custodian at all times in an amount at least equal to the repurchase price, including accrued interest. If the seller fails to repurchase the securities, the Fund may suffer a loss to the extent proceeds from the sale of the underlying securities are less than the repurchase price.

The resale price reflects the purchase price plus an agreed upon market rate of interest. The collateral is marked-to-market daily.

Reverse Repurchase Agreements. Each Fund may enter into reverse repurchase agreements, which involve the sale of securities with an agreement to repurchase the securities at an agreed-upon price, date and interest payment and have the characteristics of borrowing. The securities purchased with the funds obtained from the agreement and securities collateralizing the agreement will have maturity dates no later than the repayment date. Generally the effect of such transactions is that the Fund can recover all or most of the cash invested in the portfolio securities involved during the term of the reverse repurchase agreement, while in many cases the Fund is able to keep some of the interest income associated with those securities. Such transactions are only advantageous if the Fund has an opportunity to earn a greater rate of return on the cash derived from these transactions than the interest cost of obtaining the same amount of cash. Opportunities to realize earnings from the use of the proceeds equal to or greater than the interest required to be paid may not always be available and the Fund intends to use the reverse repurchase technique only when the Adviser believes it will be advantageous to the Fund. The use of reverse repurchase agreements may exaggerate any interim increase or decrease in the value of the Fund’s assets. The custodian bank will maintain a separate account for the Fund with securities having a value equal to or greater than such commitments. Under the 1940 Act, reverse repurchase agreements are considered loans.

Money Market Instruments. Each Fund may invest a portion of its assets in high-quality money market instruments on an ongoing basis to provide liquidity. The instruments in which each Fund may invest include: (i) short-term obligations issued by the U.S. Government; (ii) negotiable certificates of deposit (“CDs”), fixed time deposits and bankers’ acceptances of U.S. and foreign banks and similar institutions; (iii) commercial paper rated at the date of purchase “Prime-1” by Moody’s Investors Service, Inc. or “A-1+” or “A-1” by Standard & Poor’s or, if unrated, of comparable quality as determined by the Adviser; (iv) repurchase agreements; and (v) money market mutual funds. CDs are short-term negotiable obligations of commercial banks. Time deposits are non-negotiable deposits maintained in banking institutions for specified periods of time at stated interest rates. Banker’s acceptances are time drafts drawn on commercial banks by borrowers, usually in connection with international transactions.

Investment Companies. Each Fund, other than PowerShares Global Listed Private Equity Portfolio and PowerShares Lux Nanotech Portfolio, may invest in the securities of other investment companies (including money market funds). Under the 1940 Act, each Fund’s investment in investment companies is limited to, subject to certain exceptions, (i) 3% of the total outstanding voting stock of any one investment company, (ii) 5% of the Fund’s total assets with respect to any one investment company and (iii) 10% of the Fund’s total assets of investment companies in the aggregate. With respect to the PowerShares Global Listed Private Equity Portfolio and PowerShares Lux Nanotech Portfolio, under the 1940 Act, each Fund’s investment in investment companies is limited to 3% of the total outstanding stock of an issuer, including any stock owned by affiliated persons of the Fund.

Real Estate Investment Trusts (“REITs”). Each Fund may invest in the securities of REITs, which pool investors’ funds for investments primarily in real estate properties, to the extent allowed by law. Investment in REITs may be the most practical available means for the Fund to invest in the real estate industry. As a shareholder in a REIT, the Fund would bear its ratable share of the REIT’s expenses, including its advisory and administration fees. At the same time, the Fund would continue to pay its own investment advisory fees and other

expenses, as a result of which the Fund and its shareholders in effect will be absorbing duplicate levels of fees with respect to investments in REITs. A REIT may focus on particular projects, such as apartment complexes, or geographic regions, such as the southeastern United States, or both.

REITs can generally be classified as equity REITs, mortgage REITs and hybrid REITs. Equity REITs generally invest a majority of their assets in income-producing real estate properties in order to generate cash flow from rental income and a gradual asset appreciation. The income-producing real estate properties in which equity REITs invest typically include properties such as office, retail industrial, hotel and apartment buildings, self storage, specialty and diversified and healthcare facilities. Equity REITs can realize capital gains by selling properties that have appreciated in value. Mortgage REITs invest the majority of their assets in real estate mortgages and derive their income primarily from interest payments on the mortgages. Hybrid REITs combine the characteristics of both equity REITs and mortgage REITs.

REITs can be listed and traded on national securities exchanges or can be traded privately between individual owners. The Funds may invest in both publicly and privately traded REITs. The Funds could conceivably own real estate directly as a result of a default on the securities it owns. The Funds, therefore, may be subject to certain risks associated with the direct ownership of real estate, including difficulties in valuing and trading real estate, declines in the values of real estate, risks related to general and local economic conditions, adverse changes in the climate for real estate, environmental liability risks, increases in property taxes and operated expenses, changes in zoning laws, casualty or condemnation losses, limitations on rents, changes in neighborhood values, the appeal of properties to tenants and increases in interest rates.

In addition to the risks described above, equity REITs may be affected by any changes in the value of the underlying property owned by the trusts, while mortgage REITs may be affected by the quality of any credit extended. Equity and mortgage REITs are dependent upon management skill, are not diversified and are therefore subject to the risk of financing single or a limited number of projects. Such REITs are also subject to heavy cash flow dependency, defaults by borrowers, self-liquidation and the possibility of failing to maintain an exemption from the 1940 Act. Changes in interest rates may also affect the value of debt securities held by the Funds. By investing in REITs indirectly through the Funds, a shareholder will bear not only his/her proportionate share of the expenses of the Fund, but also, indirectly, similar expenses of the REITs.

Illiquid Securities. Each Fund may invest up to an aggregate amount of 15% of its net assets in illiquid securities. Illiquid securities include securities subject to contractual or other restrictions on resale and other instruments that lack readily available markets.

Futures and Options. Each Fund may enter into U.S. futures contracts, options and options on futures contracts. These futures contracts and options will be used to simulate full investment in the Underlying Index or Underlying Intellidex, to facilitate trading or to reduce transaction costs. Each Fund will only enter into futures contracts and options on futures contracts that are traded on a U.S. exchange. Each Fund will not use futures or options for speculative purposes.

A call option gives a holder the right to purchase a specific security or an index at a specified price (“exercise price”) within a specified period of time. A put option gives a holder the right to sell a specific security or an index at a specified price within a specified period of time. The initial purchaser of a call option pays the “writer,” i.e., the party selling the option, a premium which is paid at the time of purchase and is retained by the writer whether or not such option is exercised. Each Fund may purchase put options to hedge its portfolio against the risk of a decline in the market value of securities held and may purchase call options to hedge against an increase in the price of securities it is committed to purchase. Each Fund may write put and call options along with a long position in options to increase its ability to hedge against a change in the market value of the securities it holds or is committed to purchase.

Futures contracts provide for the future sale by one party and purchase by another party of a specified amount of a specific instrument or index at a specified future time and at a specified price. Stock index contracts are based on indices that reflect the market value of common stock of the firms included in the indices. Each Fund may enter into futures contracts to purchase security indices when the Adviser anticipates purchasing the underlying securities and believes prices will rise before the purchase will be made. Assets committed to futures contracts will be segregated by the custodian to the extent required by law.

An option on a futures contract, as contrasted with the direct investment in such a contract, gives the purchaser the right, in return for the premium paid, to assume a position in the underlying futures contract at a specified exercise price at any time prior to the expiration date of the option. Upon exercise of an option, the delivery of the futures position by the writer of the option to the holder of the option will be accompanied by delivery of the accumulated balance in the writer's futures margin account that represents the amount by which the market price of the futures contract exceeds (in the case of a call) or is less than (in the case of a put) the exercise price of the option on the futures contract. The potential for loss related to the purchase of an option on a futures contract is limited to the premium paid for the option plus transaction costs. Because the value of the option is fixed at the point of purchase, there are no daily cash payments by the purchaser to reflect changes in the value of the underlying contract; however, the value of the option changes daily and that change would be reflected in the NAV of each Fund. The potential for loss related to writing call options on equity securities or indices is unlimited. The potential for loss related to writing put options is limited only by the aggregate strike price of the put option less the premium received.

Each Fund may purchase and write put and call options on futures contracts that are traded on a U.S. exchange as a hedge against changes in value of its portfolio securities, or in anticipation of the purchase of securities, and may enter into closing transactions with respect to such options to terminate existing positions. There is no guarantee that such closing transactions can be effected.

Restrictions on the Use of Futures Contracts and Options on Futures Contracts. The Commodity Futures Trading Commission has eliminated limitations on futures trading by certain regulated entities, including registered investment companies, and consequently registered investment companies may engage in unlimited futures transactions and options thereon provided they claim an exclusion from regulation as a commodity pool operator. Each Fund has claimed such an exclusion from registration as a commodity pool operator under the Commodity Exchange Act (the "CEA"). Therefore, it is not subject to the registration and regulatory requirements of the CEA. Therefore, there are no limitations on the extent to which each Fund may engage in non-hedging transactions involving futures and options thereon, except as set forth in the Funds' Prospectuses and this SAL.

Upon entering into a futures contract, each Fund will be required to deposit with the broker an amount of cash or cash equivalents in the range of approximately 5% to 7% of the contract amount (this amount is subject to change by the exchange on which the contract is traded). This amount, known as "initial margin," is in the nature of a performance bond or good faith deposit on the contract and is returned to each Fund upon termination of the futures contract, assuming all contractual obligations have been satisfied. Subsequent payments, known as "variation margin," to and from the broker will be made daily as the price of the index underlying the futures contract fluctuates, making the long and short positions in the futures contract more or less valuable, a process known as "marking-to-market." At any time prior to expiration of a futures contract, each Fund may elect to close the position by taking an opposite position, which will operate to terminate each Fund's existing position in the contract.

Risks of Futures and Options Transactions. There are several risks accompanying the utilization of futures contracts and options on futures contracts. First, while each Fund plans to utilize futures contracts only if an active market exists for such contracts, there is no guarantee that a liquid market will exist for the contract at a specified time.

Furthermore, because, by definition, futures contracts project price levels in the future and not current levels of valuation, market circumstances may result in a discrepancy between the price of the stock index future and the movement in the Underlying Index or Underlying Intellidex. In the event of adverse price movements, each Fund would continue to be required to make daily cash payments to maintain its required margin. In such situations, if the Fund has insufficient cash, it may have to sell portfolio securities to meet daily margin requirements at a time when it may be disadvantageous to do so. In addition, each Fund may be required to deliver the instruments underlying futures contracts it has sold.

The risk of loss in trading futures contracts or uncovered call options in some strategies (e.g., selling uncovered stock index futures contracts) is potentially unlimited. Each Fund does not plan to use futures and options contracts in this way. The risk of a futures position may still be large as traditionally measured due to the low margin deposits required. In many cases, a relatively small price movement in a futures contract may result in

immediate and substantial loss or gain to the investor relative to the size of a required margin deposit. Each Fund, however, intends to utilize futures and options contracts in a manner designed to limit their risk exposure to levels comparable to direct investment in stocks.

Utilization of futures and options on futures by the Funds involves the risk of imperfect or even negative correlation to the Underlying Index or Underlying Intellidex if the index underlying the futures contract differs from the Underlying Index or Underlying Intellidex.

There is also the risk of loss by a Fund of margin deposits in the event of bankruptcy of a broker with whom the Fund has an open position in the futures contract or option; however, this risk is substantially minimized because (a) of the regulatory requirement that the broker has to “segregate” customer funds from its corporate funds, and (b) in the case of regulated exchanges in the United States, the clearing corporation stands behind the broker to make good losses in such a situation. The purchase of put or call options could be based upon predictions by the Adviser as to anticipated trends, which predictions could prove to be incorrect and a part or all of the premium paid therefore could be lost.

Because the futures market imposes less burdensome margin requirements than the securities market, an increased amount of participation by speculators in the futures market could result in price fluctuations. Certain financial futures exchanges limit the amount of fluctuation permitted in futures contract prices during a single trading day. The daily limit establishes the maximum amount by which the price of a futures contract may vary either up or down from the previous day’s settlement price at the end of a trading session. Once the daily limit has been reached in a particular type of contract, no trades may be made on that day at a price beyond that limit. It is possible that futures contract prices could move to the daily limit for several consecutive trading days with little or no trading, thereby preventing prompt liquidation of futures positions and subjecting the Fund to substantial losses. In the event of adverse price movements, the Fund would be required to make daily cash payments of variation margin.

Although each Fund intends to enter into futures contracts only if there is an active market for such contracts, there is no assurance that an active market will exist for the contracts at any particular time.

Swap Agreements. Swap agreements are contracts between parties in which one party agrees to make periodic payments to the other party (the “Counterparty”) based on the change in market value or level of a specified rate, index or asset. In return, the Counterparty agrees to make periodic payments to the first party based on the return of a different specified rate, index or asset. Swap agreements will usually be done on a net basis, each Fund receiving or paying only the net amount of the two payments. The net amount of the excess, if any, of each Fund’s obligations over its entitlements with respect to each swap is accrued on a daily basis and an amount of cash or highly liquid securities having an aggregate value at least equal to the accrued excess is maintained in an account at the Trust’s custodian bank.

Risks of Swap Agreements. The risk of loss with respect to swaps generally is limited to the net amount of payments that each Fund is contractually obligated to make. Swap agreements are also subject to the risk that the swap counterparty will default on its obligations. If such a default were to occur, each Fund will have contractual remedies pursuant to the agreements related to the transaction. However, such remedies may be subject to bankruptcy and insolvency laws which could affect the Fund’s rights as a creditor (e.g., the Fund may not receive the net amount of payments that it contractually is entitled to receive). Each Fund, however, intends to utilize swaps in a manner designed to limit its risk exposure to levels comparable to direct investments in stocks.

MANAGEMENT

The primary responsibility of the Board is to represent the interests of the Fund and to provide oversight of the management of the Fund. The Trust currently has seven Trustees. Five Trustees have no affiliation or business connection with the Adviser or any of its affiliated persons and do not own any stock or other securities issued by the Adviser. These are the “non-interested” or “independent” Trustees (“Independent Trustees”). The other Trustees (the “Interested Trustees”) are affiliated with the Adviser.

The Independent Trustees of the Trust, their term of office and length of time served, their principal business occupations during the past five years, the number of portfolios in the Fund Complex (defined below) overseen by each Independent Trustee, and other directorships, if any, held by the Trustee are shown below. The Fund

Complex includes all open and closed-end funds (including all of their portfolios) advised by the Adviser and any funds that have an investment adviser that is an affiliated person of the Adviser and, as of the date of this SAI, the Fund Complex consists of the Trust and three other exchange-traded fund trusts advised by the Adviser (collectively, the “Fund Family”), as well as other portfolios advised by an affiliated person of the Adviser.

<u>Name, Address and Age of Independent Trustees</u>	<u>Position(s) Held with Trust</u>	<u>Term of Office and Length of Time Served*</u>	<u>Principal Occupation(s) During Past 5 Years</u>	<u>Number of Portfolios in Fund Family Overseen by Independent Trustees</u>	<u>Other Directorships Held by Independent Trustees</u>
Ronn R. Bagge (52) YQA Capital Management LLC 1755 S. Naperville Rd. Suite 100 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)	112	None
Todd J. Barre (52) 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	112	None
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)	112	None
Philip M. Nussbaum (48) c/o Invesco PowerShares Capital Management LLC 301 West Roosevelt Road Wheaton, IL 60187	Trustee	Since 2003	Chairman, Performance Trust Capital Partners (formerly Betzold, Berg, Nussbaum & Heitman, Inc.); formerly Managing Director, Communication Institute (2002-2003); Executive Vice President of Finance, Betzold, Berg, Nussbaum & Heitman, Inc. (1994-1999)	112	None

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

<u>Name, Address and Age of Independent Trustees</u>	<u>Position(s) Held with Trust</u>	<u>Term of Office and Length of Time Served*</u>	<u>Principal Occupation(s) During Past 5 Years</u>	<u>Number of Portfolios in Fund Family Overseen by Independent Trustees</u>	<u>Other Directorships Held by Independent Trustees</u>
Donald H. Wilson (50) 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)	112	None

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

The Interested Trustees and the executive officers of the Trust, their term of office and length of time served, their principal business occupations during the past five years, the number of portfolios in the Fund Complex overseen by the Interested Trustees and the other directorships, if any, held by the Interested Trustees, are shown below.

<u>Name, Address and Age of Interested Trustees</u>	<u>Position(s) Held with Trust</u>	<u>Term of Office and Length of Time Served*</u>	<u>Principal Occupation(s) During Past 5 Years</u>	<u>Number of Portfolios in Fund Family Overseen by Interested Trustees</u>	<u>Other Directorships Held by Interested Trustees</u>
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 PowerShares Capital Management LLC (2009-Present); formerly Managing Director, Invesco PowerShares Capital Management LLC (2002-2009); Manager, Nuveen Investments (1998-2002)	112	None
Kevin M. Carome (53) 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	112	None

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

<u>Name, Address and Age of Executive Officer</u>	<u>Position(s) Held with Trust</u>	<u>Length of Time Served*</u>	<u>Principal Occupation(s) During Past 5 Years</u>
Andrew Schlossberg (35) 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 (55) 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 (48) 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 Chicagoland area (2001-2003); Managing Director of Structured Investments at Nuveen Investments (1998-2001)
Peter Hubbard (28) 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).
David Warren (52) 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 L. Spillane (51) Invesco Management Group, Inc. 11 Greenway Plaza Suite 100 Houston, TX 77046-1173	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.

* This is the date an Officer began serving the Trust. Each Officer serves a one-year term, until his successor is elected.

For each Trustee, the dollar range of equity securities beneficially owned by the Trustee in the Trust and in all registered investment companies overseen by the Trustee as of December 31, 2009 is shown below.

<u>Name of Trustee</u>	<u>Dollar Range of Equity Securities in the PowerShares Aerospace & Defense Portfolio</u>	<u>Dollar Range of Equity Securities in the PowerShares Buyback Achievers™ Portfolio</u>	<u>Dollar Range of Equity Securities in the PowerShares Cleantech™ Portfolio</u>	<u>Dollar Range of Equity Securities in PowerShares Dividend Achievers™ Portfolio</u>
Ronn R. Bagge	None	None	None	None
Todd J. Barre	None	None	None	None
Marc M. Kole	None	None	None	None
Philip M. Nussbaum	None	None	None	None
Donald H. Wilson	None	None	None	None
H. Bruce Bond	None	None	None	None
Kevin M. Carome	None	None	None	None

<u>Name of Trustee</u>	<u>Dollar Range of Equity Securities in the PowerShares DWA Technical Leaders™ Portfolio</u>	<u>Dollar Range of Equity Securities in the PowerShares Dynamic Banking Portfolio</u>	<u>Dollar Range of Equity Securities in the PowerShares Dynamic Basic Materials Sector Portfolio</u>	<u>Dollar Range of Equity Securities in the PowerShares Dynamic Biotechnology & Genome Portfolio</u>
Ronn R. Bagge	\$10,001-\$50,000	None	None	None
Todd J. Barre	None	None	None	None
Marc M. Kole	None	None	None	None
Philip M. Nussbaum	None	None	None	None
Donald H. Wilson	None	None	None	None
H. Bruce Bond	None	None	None	None
Kevin M. Carome	None	None	None	None

<u>Name of Trustee</u>	<u>Dollar Range of Equity Securities in the PowerShares Dynamic Building & Construction Portfolio</u>	<u>Dollar Range of Equity Securities in the PowerShares Dynamic Consumer Discretionary Sector Portfolio</u>	<u>Dollar Range of Equity Securities in the PowerShares Dynamic Consumer Staples Sector Portfolio</u>	<u>Dollar Range of Equity Securities in the PowerShares Dynamic Energy Exploration & Production Portfolio</u>
Ronn R. Bagge	None	None	None	None
Todd J. Barre	None	None	None	None
Marc M. Kole	None	None	None	None
Philip M. Nussbaum	None	None	None	None
Donald H. Wilson	None	None	None	None
H. Bruce Bond	None	None	None	None
Kevin M. Carome	None	None	None	None

<u>Name of Trustee</u>	<u>Dollar Range of Equity Securities in the PowerShares Dynamic Energy Sector Portfolio</u>	<u>Dollar Range of Equity Securities in the PowerShares Dynamic Financial Sector Portfolio</u>	<u>Dollar Range of Equity Securities in the PowerShares Dynamic Food & Beverage Portfolio</u>	<u>Dollar Range of Equity Securities in the PowerShares Dynamic Healthcare Sector Portfolio</u>
Ronn R. Bagge	None	None	None	None
Todd J. Barre	None	None	None	None
Marc M. Kole	\$10,001-\$50,000	None	None	None
Philip M. Nussbaum	None	None	None	None
Donald H. Wilson	None	None	None	None
H. Bruce Bond	\$10,001-\$50,000	None	None	None
Kevin M. Carome	None	None	None	None

<u>Name of Trustee</u>	<u>Dollar Range of Equity Securities in the PowerShares Dynamic Healthcare Services Portfolio</u>	<u>Dollar Range of Equity Securities in the PowerShares Dynamic Industrials Sector Portfolio</u>	<u>Dollar Range of Equity Securities in the PowerShares Dynamic Insurance Portfolio</u>	<u>Dollar Range of Equity Securities in the PowerShares Dynamic Large Cap Growth Portfolio</u>
Ronn R. Bagge	None	None	None	None
Todd J. Barre	None	None	None	None
Marc M. Kole	None	None	None	None
Philip M. Nussbaum	None	None	None	None
Donald H. Wilson	None	None	None	Over \$100,000
H. Bruce Bond	None	None	None	\$10,001-\$50,000
Kevin M. Carome	None	None	None	None

<u>Name of Trustee</u>	<u>Dollar Range of Equity Securities in the PowerShares Dynamic Large Cap Portfolio</u>	<u>Dollar Range of Equity Securities in the PowerShares Dynamic Large Cap Value Portfolio</u>	<u>Dollar Range of Equity Securities in the PowerShares Dynamic Leisure and Entertainment Portfolio</u>	<u>Dollar Range of Equity Securities in the PowerShares Dynamic MagniQuant Portfolio</u>
Ronn R. Bagge	None	None	None	None
Todd J. Barre	None	None	None	None
Marc M. Kole	None	None	None	None
Philip M. Nussbaum	None	None	None	\$50,001-\$100,000
Donald H. Wilson	None	Over \$100,000	None	None
H. Bruce Bond	None	\$10,001-\$50,000	None	Over \$100,000
Kevin M. Carome	None	None	None	None

<u>Name of Trustee</u>	<u>Dollar Range of Equity Securities in the PowerShares Dynamic Market Portfolio</u>	<u>Dollar Range of Equity Securities in the PowerShares Dynamic Media Portfolio</u>	<u>Dollar Range of Equity Securities in the PowerShares Dynamic Mid Cap Growth Portfolio</u>	<u>Dollar Range of Equity Securities in the PowerShares Dynamic Mid Cap Portfolio</u>
Ronn R. Bagge	None	None	None	None
Todd J. Barre	None	None	None	None
Marc M. Kole	\$10,001-\$50,000	None	None	None
Philip M. Nussbaum	Over \$100,000	None	None	None
Donald H. Wilson	None	None	None	Over \$100,000
H. Bruce Bond	None	None	None	None
Kevin M. Carome	None	None	None	None

<u>Name of Trustee</u>	<u>Dollar Range of Equity Securities in the PowerShares Dynamic Mid Cap Value Portfolio</u>	<u>Dollar Range of Equity Securities in the PowerShares Dynamic Networking Portfolio</u>	<u>Dollar Range of Equity Securities in the PowerShares Dynamic Oil & Gas Services Portfolio</u>	<u>Dollar Range of Equity Securities in the PowerShares Dynamic OTC Portfolio</u>
Ronn R. Bagge	None	None	None	None
Todd J. Barre	None	None	None	None
Marc M. Kole	None	None	None	None
Philip M. Nussbaum	None	None	None	\$10,001-\$50,000
Donald H. Wilson	None	None	None	None
H. Bruce Bond	None	None	None	\$50,001-\$100,000
Kevin M. Carome	None	None	None	None

<u>Name of Trustee</u>	Dollar Range of Equity Securities in the PowerShares Dynamic Pharmaceuticals Portfolio	Dollar Range of Equity Securities in the PowerShares Dynamic Retail Portfolio	Dollar Range of Equity Securities in the PowerShares Dynamic Semiconductors Portfolio	Dollar Range of Equity Securities in the PowerShares Dynamic Small Cap Growth Portfolio
Ronn R. Bagge	None	None	None	None
Todd J. Barre	None	None	None	None
Marc M. Kole	None	None	None	None
Philip M. Nussbaum	None	None	None	None
Donald H. Wilson	None	None	None	None
H. Bruce Bond	\$10,001-\$50,000	None	None	None
Kevin M. Carome	None	None	None	None

<u>Name of Trustee</u>	Dollar Range of Equity Securities in the PowerShares Dynamic Small Cap Portfolio	Dollar Range of Equity Securities in the PowerShares Dynamic Small Cap Value Portfolio	Dollar Range of Equity Securities in the PowerShares Dynamic Software Portfolio	Dollar Range of Equity Securities in the PowerShares Dynamic Technology Sector Portfolio
Ronn R. Bagge	None	None	None	None
Todd J. Barre	None	None	None	None
Marc M. Kole	None	None	None	None
Philip M. Nussbaum	None	None	None	None
Donald H. Wilson	\$10,001-\$50,000	None	None	None
H. Bruce Bond	None	None	None	None
Kevin M. Carome	None	None	None	None

<u>Name of Trustee</u>	Dollar Range of Equity Securities in the PowerShares Dynamic Telecommunications & Wireless Portfolio	Dollar Range of Equity Securities in the PowerShares Dynamic Utilities Portfolio	Dollar Range of Equity Securities in the PowerShares Financial Preferred Portfolio	Dollar Range of Equity Securities in PowerShares FTSE RAFI US 1000 Portfolio
Ronn R. Bagge	None	None	\$50,001-\$100,000	None
Todd J. Barre	None	None	None	None
Marc M. Kole	None	\$10,001-\$50,000	None	None
Philip M. Nussbaum	None	None	\$50,001-\$100,000	Over \$100,000
Donald H. Wilson	None	None	None	None
H. Bruce Bond	None	None	Over \$100,000	None
Kevin M. Carome	None	None	None	None

<u>Name of Trustee</u>	Dollar Range of Equity Securities in the PowerShares FTSE RAFI US 1500 Small-Mid Portfolio	Dollar Range of Equity Securities in the PowerShares Golden Dragon Halter USX China Portfolio	Dollar Range of Equity Securities in the PowerShares High Yield Equity Dividend Achievers™ Portfolio	Dollar Range of Equity Securities in the PowerShares International Dividend Achievers™ Portfolio
Ronn R. Bagge	None	None	None	None
Todd J. Barre	None	None	None	None
Marc M. Kole	None	None	None	None
Philip M. Nussbaum	None	\$50,001-\$100,000	None	Over \$100,000
Donald H. Wilson	None	None	None	None
H. Bruce Bond	Over \$100,000	Over \$100,000	None	\$50,001-\$100,000
Kevin M. Carome	None	None	None	None

<u>Name of Trustee</u>	<u>Dollar Range of Equity Securities in the PowerShares Global Listed Private Equity Portfolio</u>	<u>Dollar Range of Equity Securities in the PowerShares Lux Nanotech Portfolio</u>	<u>Dollar Range of Equity Securities in the PowerShares Morningstar® StockInvestorSM Core Portfolio</u>	<u>Dollar Range of Equity Securities in the PowerShares S&P 500® High Quality Portfolio</u>
Ronn R. Bagge	None	None	None	None
Todd J. Barre	None	None	None	None
Marc M. Kole	None	None	None	None
Philip M. Nussbaum	None	None	None	None
Donald H. Wilson	None	None	None	None
H. Bruce Bond	None	\$10,001-\$50,000	None	None
Kevin M. Carome	None	None	None	None

<u>Name of Trustee</u>	<u>Dollar Range of Equity Securities in the PowerShares Water Resources Portfolio</u>	<u>Dollar Range of Equity Securities in the PowerShares WilderHill Clean Energy Portfolio</u>	<u>Dollar Range of Equity Securities in the PowerShares WilderHill Progressive Energy Portfolio</u>	<u>Dollar Range of Equity Securities in the PowerShares Zacks Micro Cap Portfolio</u>
Ronn R. Bagge	None	None	None	None
Todd J. Barre	None	None	None	None
Marc M. Kole	\$10,001-\$50,000	None	None	None
Philip M. Nussbaum	\$10,001-\$50,000	\$10,001-\$50,000	None	\$10,001-\$50,000
Donald H. Wilson	None	None	None	None
H. Bruce Bond	None	\$10,001-\$50,000	None	None
Kevin M. Carome	None	None	None	None

<u>Name of Trustee</u>	<u>Dollar Range of Equity Securities in the PowerShares Zacks Small Cap Portfolio</u>	<u>Aggregate Dollar Range of Equity Securities in All Registered Investment Companies Overseen by Trustee in Family of Investment Companies</u>
Ronn R. Bagge	None	Over \$100,000
Todd J. Barre	None	None
Marc M. Kole	None	Over \$100,000
Philip M. Nussbaum	None	Over \$100,000
Donald H. Wilson	None	Over \$100,000
H. Bruce Bond	None	Over \$100,000
Kevin M. Carome	None	None

The dollar range of shares for Mr. Nussbaum includes shadow shares of certain Funds in which Mr. Nussbaum is deemed to be invested pursuant to the DC Plan.

As of December 31, 2009, as to each Independent Trustee and his immediate family members, no person owned beneficially or of record securities in an investment adviser or principal underwriter of a Fund, or a person (other than a registered investment company) directly or indirectly controlling, controlled by or under common control with an investment adviser or principal underwriter of a Fund.

Board and Committee Structure. As noted above, the Board is responsible for oversight of the Fund, including oversight of the duties performed by the Adviser for the Fund under the investment advisory agreement (the “Investment Advisory Agreement”). The Board generally meets in regularly scheduled meetings five times a year, and may meet more often as required. During the fiscal year ended April 30, 2010, the Board held seven meetings.

The Board has two standing committees, the Audit Committee and the Nominating and Governance Committee, and has delegated certain responsibilities to those Committees.

Messrs. Bagge, Barre, Kole, Nussbaum and Wilson currently serve as members of the Audit Committee. The Audit Committee has the responsibility, among other things, to: (i) approve and recommend to the Board the

selection of the Trust's independent registered public accounting firm, (ii) review the scope of the independent registered public accounting firm's audit activity, (iii) review the audited financial statements and (iv) review with such independent registered public accounting firm the adequacy and the effectiveness of the Trust's internal controls. During the fiscal year ended April 30, 2010, the Audit Committee held five meetings.

Messrs. Bagge, Barre, Kole, Nussbaum and Wilson currently serve as members of the Nominating and Governance Committee. The Nominating and Governance Committee has the responsibility, among other things, to identify and recommend individuals for Board membership, and evaluate candidates for Board membership. The Board will consider recommendations for trustees from Shareholders. Nominations from Shareholders should be in writing and sent to the Secretary of the Trust to the attention of the Chairman of the Nominating and Governance Committee, as described below under the caption "Shareholder Communications." During the fiscal year ended April 30, 2010, the Nominating and Governance Committee held five meetings.

Mr. Bond, one of the Interested Trustees, serves as chairman of the Board. While the Board does not have a lead Independent Trustee, the chairmen of the Audit Committee and Nominating and Governance Committee serve as liaisons between the Adviser and other service providers and the other Independent Trustees. The Board regularly reviews its Committee structure and membership and believes that its current structure is appropriate based on the assets and number of Funds overseen by the Trustees, as well as the nature of the Fund's business.

Risk Oversight. The Fund is subject to a number of risks, including operational, investment and compliance risks. The Board, directly and through its Committees, as part of its oversight responsibilities, oversees the services provided by the Adviser and the Trust's other service providers in connection with the management and operations of the Fund, as well as their associated risks. Under the oversight of the Board, the Trust, the Adviser and other service providers have adopted policies, procedures and controls to address these risks. The Board, directly and through its Committees, receives and reviews information from the Adviser, other service providers, the Trust's independent registered public accounting firm, Trust counsel and counsel to the Independent Trustees to assist it in its oversight responsibilities. This information includes, but is not limited to, reports regarding the Fund's investments, including Fund performance and investment practices, valuation of Fund portfolio securities, and compliance. The Board also reviews, and must approve any proposed changes to, the Fund's investment objective, policies and restrictions, and reviews any areas of non-compliance with the Fund's investment policies and restrictions. The Audit Committee monitors the Trust's accounting policies, financial reporting and internal control system and reviews any internal audit reports impacting the Trust. As part of its compliance oversight, the Board reviews the annual compliance report issued by the Trust's Chief Compliance Officer on the policies and procedures of the Trust and its service providers, proposed changes to the policies and procedures and quarterly reports on any material compliance issues that arose during the period.

Experience, Qualifications and Attributes. As noted above, the Nominating and Governance Committee is responsible for identifying, evaluating and recommending trustee candidates. The Nominating and Governance Committee reviews the background and experience of trustee candidates and the candidates' expected contributions to the Board. As of the date of this SAI, the Board has concluded, based on each Trustee's experience, qualifications and attributes, that each Board member should serve as a Trustee. Following is a brief summary of the information, in addition to the Trustees' combined contributions to the Board, that led to this conclusion.

Mr. Bagge has served as a trustee and Chairman of the Nominating and Governance Committee with the Fund Family since 2003. He founded YQA Capital Management, LLC in 1998 and has since served as a principal. Previously, Mr. Bagge was the owner and CEO of Electronic Dynamic Balancing Company from 1988 to 1998. He began his career as a securities analyst for institutional investors, including CT&T Asset Management and J.C. Bradford & Co. Mr. Bagge has served as a board member or advisor for several privately held businesses and charitable organizations.

Mr. Barre has served as a trustee with the Fund Family since 2010. He has served as Assistant Professor of Business at Trinity Christian College since 2010. Previously, he served in various positions with BMO Financial Group/Harris Private Bank, including 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). From 1983 to 1994, Mr. Barre was with the Office of Management

of Investments at Commonwealth Edison Co. He also was a staff accountant at Peat Marwick Mitchell & Co. from 1981 to 1983.

Mr. Bond has served as a trustee with the Fund Family since 2003. He founded, and is currently the Chairman of, the Adviser in 2002. Before founding the Adviser, Mr. Bond served as Manager at Nuveen Investments from 1998 to 2002. Prior to his employment at Nuveen Investments, he was Vice President and Regional Sales Manager at First Trust Portfolios L.P., formerly Nike Securities LP. He began his experience in the financial industry as an assistant to the Vice President of Sales at Griffin, Kubik, Stephens and Thompson.

Mr. Carome has served as a trustee with the Fund Family since 2010. He has served as the Senior Managing Director and General Counsel of Invesco Ltd. since 2006, and has held various senior executive positions with Invesco Ltd. since 2003. Previously, he served in various positions with Liberty Financial Companies, Inc., including Senior Vice President and General Counsel (2000-2001), General Counsel of certain investment management subsidiaries (1998-2000) and Associate General Counsel (1993-1998). Prior to his employment with Liberty Financial Companies, Inc., Mr. Carome was an associate with Ropes & Gray LLP.

Mr. Kole has served as a trustee and Chairman of the Audit Committee with the Fund Family since 2006. He has been the Chief Financial Officer of Hope Network since 2008. Previously, he was the Assistant Vice President and Controller at Priority Health from 2005 to 2008, Senior Vice President of Finance of United Healthcare from 2004 to 2005 and Senior Vice President of Finance of Oxford Health Plans from 2000 to 2004. The Board of the Trust has determined that Mr. Kole is an “audit committee financial expert” as defined by the SEC.

Mr. Nussbaum has served as a trustee with the Fund Family since 2003. He has served as the Chairman of Performance Trust Capital Partners (formerly Betzold, Berg, Nussbaum & Heitman, Inc.) since 2004 and was the Executive Vice President of Finance from 1994 to 1999. Mr. Nussbaum also served as Managing Director of the Communication Institute from 2002 to 2003. Prior to joining Performance Trust Capital Partners in 1994, he was a Vice President at Clayton Brown & Associates. Before that, he was a senior examiner with the Financial Markets Unit of the Federal Reserve Bank of Chicago. The Board of the Trust has determined that Mr. Nussbaum is an “audit committee financial expert” as defined by the SEC.

Mr. Wilson has served as a trustee with the Fund Family since 2006. Mr. Wilson has served as the Chairman and Chief Executive Officer of Stone Pillar Advisers, Ltd. since 2010. Previously, he was the Chief Operating Officer (2007-2009) and Executive Vice President and Chief Financial Officer (2006-2007) of AMCORE Financial, Inc. Mr. Wilson also served as Senior Vice President and Treasurer of Marshall & Ilsley Corp. from 1995 to 2006. He started his career with the Federal Reserve Bank of Chicago, serving in several roles in the bank examination division and the economic research division. The Board of the Trust has determined that Mr. Wilson is an “audit committee financial expert” as defined by the SEC.

This disclosure is not intended to hold out any Trustee as having any special expertise and shall not impose greater duties, obligations or liabilities on the Trustees. The Trustees’ principal occupations during the past five years or more are shown in the above tables.

The trusts in the Fund Family pay each Independent Trustee an annual retainer of \$195,000 for their service as Trustee (the “Retainer”). The Retainer is allocated half pro rata among all of the funds in the Fund Family and the other half is allocated among all of the funds in the Fund Family based on average net assets. Each committee chair receives an additional fee of \$10,000 per year, allocated in the same manner as the Retainer. The Trust also reimburses each Trustee for travel and other out-of-pocket expenses incurred in attending Board of Trustees and committee meetings.

The Trust has a deferred compensation plan (the “DC Plan”), which allows each Independent Trustee to defer payment of all, or a portion, of the fees the Trustee receives for serving on the Board of Trustees throughout the year. Each eligible Trustee generally may elect to have the deferred amounts credited with a return equal to the total return on one to five of the funds of the Trust or Trust II that are offered as investment options under the DC Plan. At the Trustee’s election, distributions are either in one lump sum payment, or in the form of equal annual installments over a period of years designated by the Trustee. The rights of an eligible Trustee and the beneficiaries to the amounts held under the DC Plan are unsecured and such amounts are subject to the claims of the creditors of the Funds. The Independent Trustees are not eligible for any pension or profit sharing plan.

The following sets forth the fees paid to each Trustee for the fiscal year ended April 30, 2010:

<u>Name of Trustee</u>	<u>Aggregate Compensation From Trust</u>	<u>Pension or Retirement Benefits accrued as part of Fund Expenses</u>	<u>Total Compensation Paid From Fund Complex⁽¹⁾</u>
Ronn R. Bagge	\$133,609	N/A	\$205,000
Todd J. Barre	\$30,653	N/A	\$48,750
Marc M. Kole	\$133,609	N/A	\$205,000
Philip M. Nussbaum	\$127,092	N/A	\$195,000
Donald H. Wilson	\$127,092	N/A	\$195,000
H. Bruce Bond	N/A	N/A	N/A
Kevin M. Carome	N/A	N/A	N/A

⁽¹⁾ The amounts shown in this column represent the aggregate compensation paid by all of the series of the trusts in the Fund Family as of April 30, 2010 before deferral by the Trustees under the DC Plan. As of April 30, 2010, the values of the deferral accounts for Messrs. Bage and Nussbaum pursuant to the DC Plan were \$60,635 and \$559,353, respectively.

⁽²⁾ Todd J. Barre joined the Board of the Trust effective February 1, 2010. Therefore, the figures presented are his compensation for the period from February 1, 2010 through April 30, 2010.

Except as follows, as of the date of this SAI, the trustees and officers of the Trust, as a group, owned less than 1% of each Fund's outstanding shares. The following trustees and/or officers beneficially owned 1% or more of a Fund's outstanding shares as of the date of this SAI, as noted below.

<u>Fund Name</u>	<u>Name of Beneficial Owner</u>	<u>Number of Shares</u>	<u>Percent of Fund</u>
PowerShares Dynamic MagniQuant Portfolio	H. Bruce Bond	213,500	11.24%
PowerShares Dynamic Basic Materials Sector Portfolio	H. Bruce Bond	19,500	1.26%

Shareholder Communications. Shareholders may send communications to the Trust's Board of Trustees by addressing the communications directly to the Board of Trustees (or individual Board of Trustees members) and/or otherwise clearly indicating in the salutation that the communication is for the Board of Trustees (or individual Board of Trustees members). The Shareholder may send the communication to either the Trust's office or directly to such Board of Trustees members at the address specified for each Trustee. Other Shareholder communications received by the Trust not directly addressed and sent to the Board of Trustees will be reviewed and generally responded to by management. Such communications will be forwarded to the Board of Trustees at management's discretion based on the matters contained therein.

Investment Adviser. The Adviser provides investment tools and portfolios for advisers and investors. The Adviser is committed to theoretically sound portfolio construction and empirically verifiable investment management approaches. Its asset management philosophy and investment discipline is deeply rooted in the application of intuitive factor analysis and model implementation to enhance investment decisions.

The Adviser acts as investment adviser for and manages the investment and reinvestment of the assets of the Funds. The Adviser also administers the Trust's business affairs, provides office facilities and equipment and certain clerical, bookkeeping and administrative services, and permits any of its officers or employees to serve without compensation as Trustees or officers of the Trust if elected to such positions.

Portfolio Managers. The Adviser uses a team of portfolio managers (the "Portfolio Managers"), investment strategists and other investment specialists. This team approach brings together many disciplines and leverages the Adviser's extensive resources. Peter Hubbard oversees all research, portfolio management and trading operations of the Adviser. In this capacity, he oversees a team of the Portfolio Managers responsible for the day-to-day management of the Funds. Mr. Hubbard receives management assistance from Joshua Betts, Michael Jeanette, Jeffrey Kernagis, Brian McGreal, Philip Fang, Brian Picken and Travis Trampe.

As of April 30, 2010, in addition to 62 Funds of the Trust, Mr. Hubbard managed 44 portfolios of exchange-traded funds in the Fund Family with a total of approximately \$15.5 billion in assets, no other pooled investment vehicles and 19 exchange-traded funds listed in Europe with a total of approximately \$1.0 billion in assets.

As of April 30, 2010, in addition to six Funds of the Trust, Mr. Betts managed 22 portfolios of exchange-traded funds in the Fund Family with a total of approximately \$4.0 billion in assets, no other pooled investment vehicles and 18 exchange-traded funds listed in Europe with a total of approximately \$922.9 million in assets.

As of August 1, 2010, in addition to one Fund of the Trust, Mr. Fang managed nine portfolios of exchange-traded funds in the Fund Family with a total of approximately \$5.8 billion in assets, no other pooled investment vehicles and one exchange-traded fund traded in Europe with approximately \$66.8 million in assets.

As of April 30, 2010, in addition to 57 Funds of the Trust, Mr. Jeanette managed 13 portfolios of exchange-traded funds in the Fund Family with a total of approximately \$7.5 billion in assets and no other pooled investment vehicles.

As of April 30, 2010, in addition to three Funds of the Trust, Mr. Kernagis managed nine portfolios of exchange-traded funds in the Fund Family with a total of approximately \$5.5 billion in assets, no other pooled investment vehicles and one exchange-traded fund listed in Europe with a total of approximately \$95.6 million in assets.

As of April 30, 2010, in addition to seven Funds of the Trust, Mr. McGreal managed 22 portfolios of exchange-traded funds in the Fund Family with a total of approximately \$4.7 billion in assets, no other pooled investment vehicles and 18 exchange-traded funds listed in Europe with a total of approximately \$922.9 million in assets.

As of April 30, 2010, in addition to two Fund of the Trust, Mr. Trampe managed 23 portfolios of exchange-traded funds in the Fund Family with a total of approximately \$2.5 billion in assets, no other pooled investment vehicles and 18 exchange-traded funds listed in Europe with a total of approximately \$922.9 million in assets.

As of August 1, 2010, in addition to 57 Funds of the Trust, Mr. Picken managed 13 portfolios of exchange-traded funds in the Fund Family with a total of approximately \$6.7 billion in assets and no other pooled investment vehicles.

Although the Funds that are managed by the Portfolio Managers may have different investment strategies, each has a portfolio objective of replicating its Underlying Index or Underlying Intellidex. The Adviser does not believe that management of the different Funds presents a material conflict of interest for the portfolio manager or the Adviser.

The Portfolio Managers are compensated with a fixed salary amount by the Adviser. The Portfolio Managers are eligible, along with other senior employees of the Adviser, to participate in a year-end discretionary bonus pool. The Compensation Committee of the Adviser will review management bonuses and, depending upon the size, the bonuses may be approved in advance by the Committee. There is no policy regarding, or agreement with, the Portfolio Managers or any other senior executive of the Adviser to receive bonuses or any other compensation in connection with the performance of any of the accounts managed by the Portfolio Managers.

As of July 31, 2010, the dollar ranges of securities of the Funds beneficially owned by Messrs. Betts, Fang, Hubbard, Jeanette, Kernagis, McGreal, Picken and Trampe in the Trust were \$1-\$10,000, \$10,001-\$50,000, \$0, \$0, \$10,001-\$50,000, \$0, \$0 and \$0, respectively. The portfolio holdings of Messrs. Betts and Kernagis, as of July 31, 2010 in the Funds in which they own securities are shown below.

Joshua Betts

Fund	Dollar Range					
	\$1 to \$10,000	\$10,001 to \$50,000	\$50,001 to \$100,000	\$100,001 to \$500,000	\$500,001 to \$1,000,000	over \$1,000,000
PowerShares Golden Dragon Halter USX China Portfolio	X					

Jeffrey Kernagis

Fund	Dollar Range					
	\$1 to \$10,000	\$10,001 to \$50,000	\$50,001 to \$100,000	\$100,001 to \$500,000	\$500,001 to \$1,000,000	over \$1,000,000
PowerShares WilderHill Clean Energy Portfolio		X				
PowerShares Financial Preferred Portfolio	X					

Philip Fang

Fund	Dollar Range					
	\$1 to \$10,000	\$10,001 to \$50,000	\$50,001 to \$100,000	\$100,001 to \$500,000	\$500,001 to \$1,000,000	over \$1,000,000
PowerShares Golden Dragon Halter USX China Portfolio		X				

Investment Advisory Agreement. Pursuant to an Investment Advisory Agreement between the Adviser and the Trust (the “Investment Advisory Agreement”), each Fund has agreed to pay an annual advisory fee equal to a percentage of its average daily net assets set forth in the chart below (the “Advisory Fee”).

<u>Fund</u>	<u>Fee</u>
PowerShares Aerospace & Defense Portfolio	0.50% of average daily net assets
PowerShares Buyback Achievers™ Portfolio	0.50% of average daily net assets
PowerShares Cleantech™ Portfolio	0.50% of average daily net assets
PowerShares Dividend Achievers™ Portfolio	0.40% of average daily net assets
PowerShares DWA Technical Leaders™ Portfolio	0.50% of average daily net assets
PowerShares Dynamic Banking Portfolio	0.50% of average daily net assets
PowerShares Dynamic Basic Materials Sector Portfolio	0.50% of average daily net assets
PowerShares Dynamic Biotechnology & Genome Portfolio	0.50% of average daily net assets
PowerShares Dynamic Building & Construction Portfolio	0.50% of average daily net assets
PowerShares Dynamic Consumer Discretionary Sector Portfolio	0.50% of average daily net assets
PowerShares Dynamic Consumer Staples Sector Portfolio	0.50% of average daily net assets
PowerShares Dynamic Energy Exploration & Production Portfolio	0.50% of average daily net assets
PowerShares Dynamic Energy Sector Portfolio	0.50% of average daily net assets
PowerShares Dynamic Financial Sector Portfolio	0.50% of average daily net assets
PowerShares Dynamic Food & Beverage Portfolio	0.50% of average daily net assets
PowerShares Dynamic Healthcare Sector Portfolio	0.50% of average daily net assets
PowerShares Dynamic Healthcare Services Portfolio	0.50% of average daily net assets
PowerShares Dynamic Industrials Sector Portfolio	0.50% of average daily net assets
PowerShares Dynamic Insurance Portfolio	0.50% of average daily net assets
PowerShares Dynamic Large Cap Growth Portfolio	0.50% of average daily net assets
PowerShares Dynamic Large Cap Portfolio	0.50% of average daily net assets
PowerShares Dynamic Large Cap Value Portfolio	0.50% of average daily net assets
PowerShares Dynamic Leisure and Entertainment Portfolio	0.50% of average daily net assets
PowerShares Dynamic MagniQuant Portfolio	0.50% of average daily net assets
PowerShares Dynamic Market Portfolio	0.50% of average daily net assets
PowerShares Dynamic Media Portfolio	0.50% of average daily net assets
PowerShares Dynamic Mid Cap Growth Portfolio	0.50% of average daily net assets
PowerShares Dynamic Mid Cap Portfolio	0.50% of average daily net assets
PowerShares Dynamic Mid Cap Value Portfolio	0.50% of average daily net assets
PowerShares Dynamic Networking Portfolio	0.50% of average daily net assets
PowerShares Dynamic Oil & Gas Services Portfolio	0.50% of average daily net assets
PowerShares Dynamic OTC Portfolio	0.50% of average daily net assets
PowerShares Dynamic Pharmaceuticals Portfolio	0.50% of average daily net assets
PowerShares Dynamic Retail Portfolio	0.50% of average daily net assets
PowerShares Dynamic Semiconductors Portfolio	0.50% of average daily net assets
PowerShares Dynamic Small Cap Growth Portfolio	0.50% of average daily net assets
PowerShares Dynamic Small Cap Portfolio	0.50% of average daily net assets

<u>Fund</u>	<u>Fee</u>
PowerShares Dynamic Small Cap Value Portfolio	0.50% of average daily net assets
PowerShares Dynamic Software Portfolio	0.50% of average daily net assets
PowerShares Dynamic Technology Sector Portfolio	0.50% of average daily net assets
PowerShares Dynamic Telecommunications & Wireless Portfolio	0.50% of average daily net assets
PowerShares Dynamic Utilities Portfolio	0.50% of average daily net assets
PowerShares Financial Preferred Portfolio	0.50% of average daily net assets
PowerShares FTSE RAFI US 1000 Portfolio	0.29% of average daily net assets*
PowerShares FTSE RAFI US 1500 Small-Mid Portfolio	0.29% of average daily net assets*
PowerShares Global Listed Private Equity Portfolio	0.50% of average daily net assets
PowerShares Golden Dragon Halter USX China Portfolio	0.50% of average daily net assets
PowerShares High Yield Equity Dividend Achievers™ Portfolio	0.40% of average daily net assets
PowerShares International Dividend Achievers™ Portfolio	0.40% of average daily net assets
PowerShares Lux Nanotech Portfolio	0.50% of average daily net assets
PowerShares Morningstar® StockInvestor SM Core Portfolio	0.50% of average daily net assets
PowerShares S&P 500® High Quality Portfolio	0.50% of average daily net assets
PowerShares Water Resources Portfolio	0.50% of average daily net assets
PowerShares WilderHill Clean Energy Portfolio	0.50% of average daily net assets
PowerShares WilderHill Progressive Energy Portfolio	0.50% of average daily net assets
PowerShares Zacks Micro Cap Portfolio	0.50% of average daily net assets
PowerShares Zacks Small Cap Portfolio	0.50% of average daily net assets

* Prior to November 1, 2008, the Fund paid an annual advisory fee equal to 0.50% of average daily net assets.

Each Fund is responsible for all 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, any distribution fees or expenses and extraordinary expenses.

The Adviser has entered into an Amended and Restated Excess Expense Agreement (the “Expense Agreement”) with the Trust, pursuant to which for all Funds other than PowerShares Dynamic Market Portfolio and PowerShares Dynamic OTC Portfolio, the Adviser has agreed to waive fees and/or reimburse Fund expenses to the extent necessary to prevent the operating expenses of each Fund (for PowerShares FTSE RAFI US 1000 Portfolio, PowerShares FTSE RAFI US 1500 Small-Mid Portfolio, PowerShares Morningstar® StockInvestorSM Core Portfolio and PowerShares S&P 500® High Quality Portfolio sub-licensing fees are not excluded) (excluding interest expenses, brokerage commissions and other trading expenses, sub-licensing fees, offering costs, taxes and extraordinary expenses) from exceeding the percentage of its average net assets set forth in the chart below (the “Expense Cap”), at least until August 31, 2011. The offering costs excluded from the Expense Cap set forth below for each Fund (except PowerShares Dynamic Market Portfolio and PowerShares Dynamic OTC Portfolio) are: (a) initial legal fees pertaining to the Fund’s Shares offered for sale; (b) initial SEC and state registration fees; and (c) initial fees paid to be listed on an exchange. The Expense Agreement also provides that the expenses borne by the Adviser are subject to recapture by the Adviser, other than for PowerShares Dynamic Market Portfolio and PowerShares Dynamic OTC Portfolio, 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 each Fund if it would result in the Fund exceeding its Expense Cap.

For PowerShares Dynamic Market Portfolio and PowerShares Dynamic OTC Portfolio, the Adviser has agreed to waive fees and/or reimburse Fund expenses to the extent necessary to prevent the operating expenses of the Funds (excluding interest expenses, brokerage commissions and other trading expenses, taxes and

extraordinary expenses) from exceeding the percentage of its average net assets set forth in the chart below, at least until August 31, 2011.

<u>Fund</u>	<u>Expense Cap</u>
PowerShares Aerospace & Defense Portfolio	0.60% of average net assets
PowerShares Buyback Achievers™ Portfolio	0.60% of average net assets
PowerShares Cleantech™ Portfolio	0.60% of average net assets
PowerShares Dividend Achievers™ Portfolio	0.50% of average net assets
PowerShares DWA Technical Leaders™ Portfolio	0.60% of average net assets
PowerShares Dynamic Banking Portfolio	0.60% of average net assets
PowerShares Dynamic Basic Materials Sector Portfolio	0.60% of average net assets
PowerShares Dynamic Biotechnology & Genome Portfolio	0.60% of average net assets
PowerShares Dynamic Building & Construction Portfolio	0.60% of average net assets
PowerShares Dynamic Consumer Discretionary Sector Portfolio	0.60% of average net assets
PowerShares Dynamic Consumer Staples Sector Portfolio	0.60% of average net assets
PowerShares Dynamic Energy Exploration & Production Portfolio	0.60% of average net assets
PowerShares Dynamic Energy Sector Portfolio	0.60% of average net assets
PowerShares Dynamic Financial Sector Portfolio	0.60% of average net assets
PowerShares Dynamic Food & Beverage Portfolio	0.60% of average net assets
PowerShares Dynamic Healthcare Sector Portfolio	0.60% of average net assets
PowerShares Dynamic Healthcare Services Portfolio	0.60% of average net assets
PowerShares Dynamic Industrials Sector Portfolio	0.60% of average net assets
PowerShares Dynamic Insurance Portfolio	0.60% of average net assets
PowerShares Dynamic Large Cap Growth Portfolio	0.60% of average net assets
PowerShares Dynamic Large Cap Portfolio	0.60% of average net assets
PowerShares Dynamic Large Cap Value Portfolio	0.60% of average net assets
PowerShares Dynamic Leisure and Entertainment Portfolio	0.60% of average net assets
PowerShares Dynamic MagniQuant Portfolio	0.60% of average net assets
PowerShares Dynamic Market Portfolio	0.60% of average net assets
PowerShares Dynamic Media Portfolio	0.60% of average net assets
PowerShares Dynamic Mid Cap Growth Portfolio	0.60% of average net assets
PowerShares Dynamic Mid Cap Portfolio	0.60% of average net assets
PowerShares Dynamic Mid Cap Value Portfolio	0.60% of average net assets
PowerShares Dynamic Networking Portfolio	0.60% of average net assets
PowerShares Dynamic Oil & Gas Services Portfolio	0.60% of average net assets
PowerShares Dynamic OTC Portfolio	0.60% of average net assets
PowerShares Dynamic Pharmaceuticals Portfolio	0.60% of average net assets
PowerShares Dynamic Retail Portfolio	0.60% of average net assets
PowerShares Dynamic Semiconductors Portfolio	0.60% of average net assets
PowerShares Dynamic Small Cap Growth Portfolio	0.60% of average net assets
PowerShares Dynamic Small Cap Portfolio	0.60% of average net assets
PowerShares Dynamic Small Cap Value Portfolio	0.60% of average net assets

<u>Fund</u>	<u>Expense Cap</u>
PowerShares Dynamic Software Portfolio	0.60% of average net assets
PowerShares Dynamic Technology Sector Portfolio	0.60% of average net assets
PowerShares Dynamic Telecommunications & Wireless Portfolio	0.60% of average net assets
PowerShares Dynamic Utilities Portfolio	0.60% of average net assets
PowerShares Financial Preferred Portfolio	0.60% of average net assets
PowerShares FTSE RAFI US 1000 Portfolio	0.39% of average net assets*
PowerShares FTSE RAFI US 1500 Small-Mid Portfolio	0.39% of average net assets*
PowerShares Global Listed Private Equity Portfolio	0.60% of average net assets
PowerShares Golden Dragon Halter USX China Portfolio	0.60% of average net assets
PowerShares High Yield Equity Dividend Achievers™ Portfolio	0.50% of average net assets
PowerShares International Dividend Achievers™ Portfolio	0.50% of average net assets
PowerShares Lux Nanotech Portfolio	0.60% of average net assets
PowerShares Morningstar® StockInvestor SM Core Portfolio	0.50% of average net assets**
PowerShares S&P 500® High Quality Portfolio	0.50% of average net assets**
PowerShares Water Resources Portfolio	0.60% of average net assets
PowerShares WilderHill Clean Energy Portfolio	0.60% of average net assets
PowerShares WilderHill Progressive Energy Portfolio	0.60% of average net assets
PowerShares Zacks Micro Cap Portfolio	0.60% of average net assets
PowerShares Zacks Small Cap Portfolio	0.60% of average net assets

* Prior to November 1, 2008, the Adviser agreed to waive fees and/or reimburse Fund expenses to the extent necessary to prevent the operating expenses of the Fund from exceeding 0.60% of average daily net assets. Prior to November 1, 2008, the sub-licensing fees were excluded from the Expense Cap.

** Prior to July 1, 2010, the Adviser agreed to waive fees and/or reimburse Fund expenses to the extent necessary to prevent the operating expenses of the Fund from exceeding 0.60% of average daily net assets.

The aggregate amount of the Advisory Fee paid by each Fund to the Adviser during the Fund's fiscal years ended April 30, 2008, 2009 and 2010, and the aggregate amount of fees waived by the Adviser (net of expenses reimbursed to the Adviser under the Expense Agreement) during those periods are set forth in the chart below.

	<u>Advisory Fees Paid for the Fiscal Year Ended</u>			<u>(Waivers) and/or Recapture for the Fiscal Year Ended</u>			<u>Date of Commencement of Operations</u>
	<u>April 30, 2008</u>	<u>April 30, 2009</u>	<u>April 30, 2010</u>	<u>April 30, 2008</u>	<u>April 30, 2009</u>	<u>April 30, 2010</u>	
PowerShares Aerospace & Defense Portfolio	\$1,520,817	\$805,647	\$638,835	\$68,771	\$(11,656)	\$(35,132)	10/26/05
PowerShares Buyback Achievers™ Portfolio	\$395,906	\$209,192	\$167,787	\$(53,284)	\$(91,605)	\$(91,435)	12/20/06
PowerShares Cleantech™ Portfolio	\$365,806	\$571,846	\$697,837	\$(57,076)	\$(66,705)	\$(54,925)	10/24/06
PowerShares Dividend Achievers™ Portfolio	\$277,676	\$283,809	\$416,862	\$(82,124)	\$(98,989)	\$(44,165)	9/15/05
PowerShares DWA Technical Leaders™ Portfolio	\$1,080,236	\$1,315,339	\$651,728	\$52,829	\$21,472	\$(43,037)	3/1/07
PowerShares Dynamic Banking Portfolio	\$307,703	\$544,048	\$146,295	\$(74,802)	\$(77,300)	\$(123,728)	10/12/06
PowerShares Dynamic Basic Materials Sector Portfolio	\$161,486	\$140,028	\$170,612	\$(91,354)	\$(90,201)	\$(89,108)	10/12/06
PowerShares Dynamic Biotechnology & Genome Portfolio	\$1,176,263	\$936,718	\$905,585	\$17,336	\$9,388	\$27,697	6/23/05

	Advisory Fees Paid for the Fiscal Year Ended			(Waivers) and/or Recapture for the Fiscal Year Ended			Date of Commencement of Operations
	April 30, 2008	April 30, 2009	April 30, 2010	April 30, 2008	April 30, 2009	April 30, 2010	
PowerShares Dynamic Building & Construction Portfolio	\$105,659	\$121,410	\$262,725	\$(116,382)	\$(104,483)	\$(70,889)	10/26/05
PowerShares Dynamic Consumer Discretionary Sector Portfolio	\$80,226	\$49,691	\$76,276	\$(97,703)	\$(103,099)	\$(102,087)	10/12/06
PowerShares Dynamic Consumer Staples Sector Portfolio	\$99,874	\$155,298	\$197,324	\$(96,704)	\$(91,015)	\$(87,640)	10/12/06
PowerShares Dynamic Energy Exploration & Production Portfolio	\$743,351	\$452,351	\$286,505	\$(27,558)	\$(50,362)	\$(76,453)	10/26/05
PowerShares Dynamic Energy Sector Portfolio	\$163,545	\$137,746	\$164,650	\$(89,121)	\$(91,764)	\$(91,813)	10/12/06
PowerShares Dynamic Financial Sector Portfolio	\$70,669	\$100,674	\$86,263	\$(99,693)	\$(97,127)	\$(104,373)	10/12/06
PowerShares Dynamic Food & Beverage Portfolio	\$210,919	\$394,573	\$301,837	\$(104,686)	\$(62,271)	\$(66,726)	6/23/05
PowerShares Dynamic Healthcare Sector Portfolio	\$468,210	\$464,267	\$439,268	\$(54,628)	\$(53,889)	\$(57,629)	10/12/06
PowerShares Dynamic Healthcare Services Portfolio	\$261,554	\$103,521	\$67,911	\$(68,092)	\$(93,104)	\$(99,708)	10/12/06
PowerShares Dynamic Industrials Sector Portfolio	\$193,324	\$260,664	\$259,189	\$(85,993)	\$(82,709)	\$(87,408)	10/12/06
PowerShares Dynamic Insurance Portfolio	\$248,412	\$144,737	\$93,480	\$(93,139)	\$(101,778)	\$(112,112)	10/26/05
PowerShares Dynamic Large Cap Growth Portfolio	\$2,635,464	\$2,169,170	\$1,337,294	\$177,056	\$46,729	\$0	3/3/05
PowerShares Dynamic Large Cap Portfolio	\$79,933	\$153,981	\$191,981	\$(103,842)	\$(86,975)	\$(87,338)	12/1/06
PowerShares Dynamic Large Cap Value Portfolio	\$1,330,936	\$1,188,000	\$1,577,934	\$95,715	\$50,808	\$92,287	3/3/05
PowerShares Dynamic Leisure and Entertainment Portfolio	\$169,825	\$54,412	\$111,018	\$(107,914)	\$(111,335)	\$(94,760)	6/23/05
PowerShares Dynamic MagniQuant Portfolio	\$417,512	\$215,277	\$149,475	\$(40,209)	\$(95,976)	\$(99,281)	10/12/06
PowerShares Dynamic Market Portfolio	\$4,065,649	\$2,059,695	\$1,315,446	\$(48,609)	\$(7,816)	\$(12,917)	5/1/03
PowerShares Dynamic Media Portfolio	\$224,636	\$89,850	\$248,608	\$(97,999)	\$(105,876)	\$(70,642)	6/23/05
PowerShares Dynamic Mid Cap Growth Portfolio	\$1,580,803	\$1,269,358	\$658,924	\$80,131	\$48,844	\$(35,946)	3/3/05
PowerShares Dynamic Mid Cap Portfolio	\$85,031	\$95,334	\$109,792	\$(102,985)	\$(98,727)	\$(100,746)	12/1/06
PowerShares Dynamic Mid Cap Value Portfolio	\$515,440	\$273,120	\$212,719	\$(47,297)	\$(82,973)	\$(88,952)	3/3/05
PowerShares Dynamic Networking Portfolio	\$95,117	\$42,744	\$140,328	\$(117,609)	\$(110,045)	\$(90,724)	6/23/05
PowerShares Dynamic Oil & Gas Services Portfolio	\$1,899,245	\$1,184,457	\$917,588	\$59,480	\$24,216	\$(327)	10/26/05
PowerShares Dynamic OTC Portfolio	\$680,569	\$323,262	\$204,404	\$(66,557)	\$(97,567)	\$(101,882)	5/1/03
PowerShares Dynamic Pharmaceuticals Portfolio	\$523,019	\$624,605	\$342,814	\$(60,852)	\$(42,273)	\$(73,868)	6/23/05

	Advisory Fees Paid for the Fiscal Year Ended			(Waivers) and/or Recapture for the Fiscal Year Ended			Date of Commencement of Operations
	April 30, 2008	April 30, 2009	April 30, 2010	April 30, 2008	April 30, 2009	April 30, 2010	
PowerShares Dynamic Retail Portfolio	\$71,056	\$119,065	\$179,830	\$(118,124)	\$(107,809)	\$(93,665)	10/26/05
PowerShares Dynamic Semiconductors Portfolio	\$648,630	\$229,464	\$173,649	\$(47,309)	\$(85,089)	\$(92,098)	6/23/05
PowerShares Dynamic Small Cap Growth Portfolio	\$297,220	\$205,899	\$160,859	\$(82,728)	\$(95,761)	\$(100,066)	3/3/05
PowerShares Dynamic Small Cap Portfolio	\$47,107	\$75,181	\$86,009	\$(110,293)	\$(105,230)	\$(104,162)	12/1/06
PowerShares Dynamic Small Cap Value Portfolio	\$539,511	\$379,806	\$340,392	\$(43,517)	\$(72,695)	\$(74,209)	3/3/05
PowerShares Dynamic Software Portfolio	\$286,919	\$146,805	\$277,010	\$(86,270)	\$(98,470)	\$(69,201)	6/23/05
PowerShares Dynamic Technology Sector Portfolio	\$170,545	\$173,553	\$174,405	\$(89,552)	\$(84,832)	\$(87,323)	10/12/06
PowerShares Dynamic Telecommunications & Wireless Portfolio	\$148,732	\$77,210	\$82,546	\$(112,390)	\$(102,577)	\$(102,496)	12/6/05
PowerShares Dynamic Utilities Portfolio	\$208,608	\$228,403	\$154,983	\$(96,025)	\$(87,650)	\$(98,256)	10/26/05
PowerShares Financial Preferred Portfolio	\$698,666	\$1,913,359	\$6,830,817	\$(21,041)	\$60,049	\$(16,650)	12/1/06
PowerShares FTSE RAFI US 1000 Portfolio	\$5,311,535	\$2,344,410	\$1,492,728	\$118,831	\$(98,922)	\$(299,332)	12/19/05
PowerShares FTSE RAFI US 1500 Small-Mid Portfolio	\$597,258	\$429,123	\$485,570	\$(67,215)	\$(217,994)	\$(195,556)	9/20/06
PowerShares Global Listed Private Equity Portfolio	\$676,065	\$405,010	\$744,150	\$(8,102)	\$(63,581)	\$(25,321)	10/24/06
PowerShares Golden Dragon Halter USX China Portfolio	\$3,029,609	\$1,597,741	\$2,135,427	\$204,381	\$(74,560)	\$(53,336)	12/9/04
PowerShares High Yield Equity Dividend Achievers™ Portfolio	\$1,213,426	\$512,151	\$423,163	\$107,690	\$(20,713)	\$(50,903)	12/9/04
PowerShares International Dividend Achievers™ Portfolio	\$2,624,245	\$1,491,518	\$1,451,325	\$73,473	\$18,082	\$(2,335)	9/15/05
PowerShares Lux Nanotech Portfolio	\$629,641	\$290,537	\$267,285	\$(39,701)	\$(112,662)	\$(78,778)	10/26/05
PowerShares Morningstar® StockInvestor SM Core Portfolio	\$196,061	\$185,971	\$125,923	\$86,494	\$(90,165)	\$(97,515)	12/1/06
PowerShares S&P 500® High Quality Portfolio	\$1,031,063	\$599,540	\$346,695	\$4,989	\$(26,520)	\$(67,391)	12/6/05
PowerShares Water Resources Portfolio	\$9,835,346	\$8,422,923	\$6,554,623	\$139,671	\$75,183	\$0	12/6/05
PowerShares WilderHill Clean Energy Portfolio	\$6,231,276	\$4,760,677	\$3,673,654	\$7,102	\$170	\$(28,116)	3/3/05
PowerShares WilderHill Progressive Energy Portfolio	\$243,806	\$249,269	\$266,050	\$(71,221)	\$(77,906)	\$(75,069)	10/24/06
PowerShares Zacks Micro Cap Portfolio	\$733,323	\$328,393	\$242,462	\$(20,797)	\$(105,004)	\$(109,697)	8/18/05
PowerShares Zacks Small Cap Portfolio	\$280,863	\$139,042	\$107,201	\$(73,796)	\$(109,488)	\$(110,211)	2/16/06

Under the Investment Advisory Agreement, the Adviser will not be liable for any error of judgment or mistake of law or for any loss suffered by a Fund in connection with the performance of the Investment Advisory Agreement, except a loss resulting from willful misfeasance, bad faith or gross negligence on the part of the Adviser in the performance of its duties or from reckless disregard of its duties and obligations thereunder. The

Investment Advisory Agreement continues until April 30, 2011, and thereafter only if approved annually by the Board of Trustees, including a majority of the Independent Trustees. The Agreement terminates automatically upon assignment and is terminable at any time without penalty as to a Fund by the Board of Trustees, including a majority of the Independent Trustees, or by vote of the holders of a majority of that Fund's outstanding voting securities on 60 days' written notice to the Adviser, or by the Adviser on 60 days' written notice to the Fund.

Invesco PowerShares Capital Management LLC, organized February 7, 2003, is located at 301 West Roosevelt Road, Wheaton, Illinois 60187.

Invesco Ltd. is the parent company of Invesco PowerShares Capital Management LLC and is located at Two Peachtree Pointe, 1555 Peachtree Street, N.E., Atlanta, Georgia 30309.

Administrator. The Bank of New York Mellon ("BNYM" or the "Administrator") serves as administrator for the Funds. Its principal address is 101 Barclay St., New York, New York 10286.

BNYM serves as Administrator for the Trust pursuant to an administrative services agreement (the "Administrative Services Agreement"). Under the Administrative Services Agreement, BNYM is obligated, on a continuous basis, to provide such administrative services as the Board of Trustees reasonably deems necessary for the proper administration of the Trust and each Fund. BNYM will generally assist in all aspects of the Trust's and the Funds' operations including; supply and maintain office facilities (which may be in BNYM's own offices), statistical and research data, data processing services, clerical, accounting, bookkeeping and record keeping services (including, without limitation, the maintenance of such books and records as are required under the 1940 Act and the rules thereunder, except as maintained by other agency agents), internal auditing, executive and administrative services, and stationery and office supplies; prepare reports to Shareholders or investors; prepare and file tax returns; supply financial information and supporting data for reports to and filings with the SEC; supply supporting documentation for meetings of the Board of Trustees, provide monitoring reports and assistance regarding compliance with the Declaration of Trust, by-laws, investment objectives and policies and with federal and state securities laws; and negotiate arrangements with, and supervise and coordinate the activities of, agents and others to supply services.

Pursuant to the Administrative Services Agreement, the Trust has agreed to indemnify the Administrator for certain liabilities, including certain liabilities arising under the federal securities laws, unless such loss or liability results from negligence or willful misconduct in the performance of its duties.

Pursuant to the Administrative Services Agreement between BNYM and the Trust, each Fund has agreed to pay an annual administrative services fee of 0.03% of its average daily net assets or the minimum annual fee of \$60,000, whichever is higher. The aggregate amount of the administrative fee paid by each Fund to BNYM during the Fund's fiscal years ended April 30, 2008, 2009 and 2010 are set forth in the chart below. Each Fund agreed to pay the higher of: (1) an annual accounting and administrative services fee of up to 0.05% of the Trust's average daily net assets which will be allocated among the Funds based on each Fund's average daily net assets; and (2) the minimum annual fee of up to \$115,000. Effective June 1, 2009, a fee reduction of approximately \$1.2 million per year over a five-year period will be applied to all domestic Invesco accounts, including the Trust and the other trusts in the Fund Family that are serviced by BNYM. The portion of such fee reduction in the amount of \$912,000 will be allocated to the Trust and the other trusts in the Fund Family that are serviced by BNYM for the year ended December 31, 2010. The fee reduction amounts for the remaining years may vary.

<u>Fund</u>	<u>Administrative Fees Paid for the Fiscal Year Ended</u>		
	<u>April 30, 2008</u>	<u>April 30, 2009</u>	<u>April 30, 2010</u>
PowerShares Aerospace & Defense Portfolio	\$91,203	\$74,778	\$64,668
PowerShares Buyback Achievers™ Portfolio	\$80,000	\$74,983	\$64,668
PowerShares Cleantech™ Portfolio	\$78,681	\$74,983	\$64,668
PowerShares Dividend Achievers™ Portfolio	\$80,738	\$74,983	\$64,668
PowerShares DWA Technical Leaders™ Portfolio	\$84,570	\$84,147	\$69,995
PowerShares Dynamic Banking Portfolio	\$75,160	\$74,983	\$64,668
PowerShares Dynamic Basic Materials Sector Portfolio	\$75,102	\$74,983	\$64,668
PowerShares Dynamic Biotechnology & Genome Portfolio	\$80,738	\$74,983	\$64,668
PowerShares Dynamic Building & Construction Portfolio	\$80,738	\$74,983	\$64,668
PowerShares Dynamic Consumer Discretionary Sector Portfolio	\$75,090	\$74,983	\$64,668

<u>Fund</u>	<u>Administrative Fees Paid for the Fiscal Year Ended</u>		
	<u>April 30, 2008</u>	<u>April 30, 2009</u>	<u>April 30, 2010</u>
PowerShares Dynamic Consumer Staples Sector Portfolio	\$75,133	\$74,983	\$64,668
PowerShares Dynamic Energy Exploration & Production Portfolio	\$80,738	\$74,983	\$64,668
PowerShares Dynamic Energy Sector Portfolio	\$75,058	\$74,983	\$64,668
PowerShares Dynamic Financial Sector Portfolio	\$75,138	\$74,983	\$64,668
PowerShares Dynamic Food & Beverage Portfolio	\$80,738	\$74,983	\$64,668
PowerShares Dynamic Healthcare Sector Portfolio	\$75,111	\$74,983	\$64,668
PowerShares Dynamic Healthcare Services Portfolio	\$74,983	\$74,983	\$64,668
PowerShares Dynamic Industrials Sector Portfolio	\$75,026	\$74,983	\$64,668
PowerShares Dynamic Insurance Portfolio	\$80,738	\$74,983	\$64,668
PowerShares Dynamic Large Cap Growth Portfolio	\$148,869	\$125,952	\$68,080
PowerShares Dynamic Large Cap Portfolio	\$80,928	\$74,983	\$64,668
PowerShares Dynamic Large Cap Value Portfolio	\$80,738	\$75,264	\$77,291
PowerShares Dynamic Leisure and Entertainment Portfolio	\$80,738	\$74,983	\$64,668
PowerShares Dynamic MagniQuant Portfolio	\$74,658	\$74,983	\$64,668
PowerShares Dynamic Market Portfolio	\$234,684	\$119,396	\$66,587
PowerShares Dynamic Media Portfolio	\$80,738	\$74,983	\$64,668
PowerShares Dynamic Mid Cap Growth Portfolio	\$96,935	\$83,071	\$71,034
PowerShares Dynamic Mid Cap Portfolio	\$80,954	\$74,983	\$64,668
PowerShares Dynamic Mid Cap Value Portfolio	\$80,738	\$74,983	\$64,668
PowerShares Dynamic Networking Portfolio	\$80,738	\$74,983	\$64,668
PowerShares Dynamic Oil & Gas Services Portfolio	\$106,189	\$85,597	\$65,613
PowerShares Dynamic OTC Portfolio	\$80,738	\$74,983	\$64,668
PowerShares Dynamic Pharmaceuticals Portfolio	\$80,738	\$74,983	\$64,668
PowerShares Dynamic Retail Portfolio	\$80,738	\$74,983	\$64,668
PowerShares Dynamic Semiconductors Portfolio	\$80,738	\$74,983	\$64,668
PowerShares Dynamic Small Cap Growth Portfolio	\$80,737	\$74,983	\$64,668
PowerShares Dynamic Small Cap Portfolio	\$80,977	\$74,983	\$64,668
PowerShares Dynamic Small Cap Value Portfolio	\$80,738	\$74,983	\$64,668
PowerShares Dynamic Software Portfolio	\$80,738	\$74,983	\$64,668
PowerShares Dynamic Technology Sector Portfolio	\$75,074	\$74,983	\$64,668
PowerShares Dynamic Telecommunications & Wireless Portfolio	\$80,738	\$74,983	\$64,668
PowerShares Dynamic Utilities Portfolio	\$80,738	\$74,983	\$64,668
PowerShares Financial Preferred Portfolio	\$79,267	\$111,866	\$337,045
PowerShares FTSE RAFI US 1000 Portfolio	\$305,049	\$158,102	\$125,747
PowerShares FTSE RAFI US 1500 Small-Mid Portfolio	\$71,730	\$74,983	\$64,668
PowerShares Global Listed Private Equity Portfolio	\$76,692	\$74,983	\$64,668
PowerShares Golden Dragon Halter USX China Portfolio	\$170,963	\$96,051	\$104,245
PowerShares High Yield Equity Dividend Achievers™ Portfolio	\$93,035	\$74,983	\$64,668
PowerShares International Dividend Achievers™ Portfolio	\$187,365	\$108,918	\$88,066
PowerShares Lux Nanotech Portfolio	\$80,738	\$74,983	\$64,668
PowerShares Morningstar® StockInvestor SM Core Portfolio	\$80,541	\$74,983	\$64,668
PowerShares S&P 500® High Quality Portfolio	\$80,738	\$74,983	\$64,668
PowerShares Water Resources Portfolio	\$561,440	\$490,335	\$321,532
PowerShares WilderHill Clean Energy Portfolio	\$354,333	\$275,134	\$181,644
PowerShares WilderHill Progressive Energy Portfolio	\$78,771	\$74,983	\$64,668
PowerShares Zacks Micro Cap Portfolio	\$80,738	\$74,983	\$64,668
PowerShares Zacks Small Cap Portfolio	\$80,738	\$74,983	\$64,668

Custodian, Transfer Agent and Fund Accounting Agent. BNYM, located at 101 Barclay St., New York, New York 10286, also serves as custodian for the Funds pursuant to a custodian agreement (the “Custodian Agreement”). As custodian, BNYM holds the Funds’ assets, calculates the NAV of Shares and calculates net income and realized capital gains or losses. BNYM also serves as transfer agent of the Funds pursuant to a transfer agency agreement (the “Transfer Agency Agreement”). Further, BNYM serves as Fund accounting agent pursuant to a fund accounting agreement (the “Fund Accounting Agreement”). BNYM may be reimbursed by the Funds for its out-of-pocket expenses.

Pursuant to the Custodian Agreement between BNYM and the Trust, each Fund has agreed to pay an annual custody fee of 0.0075% of its average daily net assets or the minimum annual fee of \$3,600, whichever is higher. Effective April 1, 2007, each Fund has agreed to pay the higher of: (1) an annual custody fee of up to 0.00675% of the Trust’s average daily net assets which will be allocated among the Funds based on each Fund’s average daily net assets; and (2) the minimum annual fee of \$3,600.

Pursuant to the Transfer Agency Agreement between BNYM and the Trust, each Fund has agreed to an annual minimum transfer agency fee of \$2,400.

Pursuant to the Fund Accounting Agreement between BNYM and the Trust, each Fund has agreed to pay an annual fund accounting fee of 0.02% of its average daily net assets or the minimum annual fee of \$55,000, whichever is higher. Effective April 1, 2007, each Fund agreed to pay a combined annual accounting and administrative services fee, as discussed under the “Administrative Services Agreement” section.

Distributor. Invesco Distributors, Inc. (formerly Invesco Aim Distributors, Inc.) is the distributor (the “Distributor”) of the Funds’ Shares. Its principal address is 11 Greenway Plaza, Suite 100, Houston, Texas 77046-1173. The Distributor has entered into a distribution agreement (the “Distribution Agreement”) with the Trust pursuant to which it distributes Fund Shares. Shares are continuously offered for sale by each Fund through the Distributor only in Creation Unit Aggregations, as described in the Prospectus and below under the heading “Creation and Redemption of Creation Units.”

Aggregations. Fund Shares in less than Creation Unit Aggregations are not distributed by the Distributor. The Distributor will deliver the Prospectus and, upon request, this SAI to persons purchasing Creation Unit Aggregations and will maintain records of both orders placed with it and confirmations of acceptance furnished by it. The Distributor is a broker-dealer registered under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and a member of the Financial Industry Regulatory Authority (“FINRA”).

The Distribution Agreement for the Funds provides that it may be terminated as to a Fund at any time, without the payment of any penalty, on at least 60 days’ written notice by the Trust to the Distributor (i) by vote of a majority of the Independent Trustees or (ii) by vote of a majority of the outstanding voting securities (as defined in the 1940 Act) of the Fund. The Distribution Agreement will terminate automatically in the event of its assignment (as defined in the 1940 Act).

The Distributor may also enter into agreements with securities dealers (“Soliciting Dealers”) who will solicit purchases of Creation Unit Aggregations of Fund Shares. Such Soliciting Dealers may also be Participating Parties (as defined in “Procedures for Creation of Creation Unit Aggregations” below) and DTC Participants (as defined in “DTC Acts as Securities Depository” below).

Index Providers. Set forth below is a list of each Fund and the Underlying Index or Underlying Intellidex upon which it is based.

<u>Fund</u>	<u>Underlying Index or Underlying Intellidex</u>
PowerShares Aerospace & Defense Portfolio	SPADEF™ Defense Index
PowerShares Buyback Achievers™ Portfolio	Share BuyBack Achievers™ Index
PowerShares Cleantech™ Portfolio	The Cleantech Index™
PowerShares Dividend Achievers™ Portfolio	Broad Dividend Achievers™ Index
PowerShares DWA Technical Leaders™ Portfolio	Dorsey Wright Technical Leaders™ Index
PowerShares Dynamic Banking Portfolio	Dynamic Banking Intellidex SM Index

<u>Fund</u>	<u>Underlying Index or Underlying Intellidex</u>
PowerShares Dynamic Basic Materials Sector Portfolio	Dynamic Basic Materials Sector Intellidex SM Index
PowerShares Dynamic Biotechnology & Genome Portfolio	Dynamic Biotechnology & Genome Intellidex SM Index
PowerShares Dynamic Building & Construction Portfolio	Dynamic Building & Construction Intellidex SM Index
PowerShares Dynamic Consumer Discretionary Sector Portfolio	Dynamic Consumer Discretionary Sector Intellidex SM Index
PowerShares Dynamic Consumer Staples Sector Portfolio	Dynamic Consumer Staples Sector Intellidex SM Index
PowerShares Dynamic Energy Exploration & Production Portfolio	Dynamic Energy Exploration & Production Intellidex SM Index
PowerShares Dynamic Energy Sector Portfolio	Dynamic Energy Sector Intellidex SM Index
PowerShares Dynamic Financial Sector Portfolio	Dynamic Financial Sector Intellidex SM Index
PowerShares Dynamic Food & Beverage Portfolio	Dynamic Food & Beverage Intellidex SM Index
PowerShares Dynamic Healthcare Sector Portfolio	Dynamic Healthcare Sector Intellidex SM Index
PowerShares Dynamic Healthcare Services Portfolio	Dynamic Healthcare Services Intellidex SM Index
PowerShares Dynamic Industrials Sector Portfolio	Dynamic Industrials Sector Intellidex SM Index
PowerShares Dynamic Insurance Portfolio	Dynamic Insurance Intellidex SM Index
PowerShares Dynamic Large Cap Growth Portfolio	Dynamic Large Cap Growth Intellidex SM Index
PowerShares Dynamic Large Cap Portfolio	Dynamic Large Cap Intellidex SM Index
PowerShares Dynamic Large Cap Value Portfolio	Dynamic Large Cap Value Intellidex SM Index
PowerShares Dynamic Leisure and Entertainment Portfolio	Dynamic Leisure and Entertainment Intellidex SM Index
PowerShares Dynamic MagniQuant Portfolio	Dynamic Top 200 Intellidex SM Index
PowerShares Dynamic Market Portfolio	Dynamic Market Intellidex SM Index
PowerShares Dynamic Media Portfolio	Dynamic Media Intellidex SM Index
PowerShares Dynamic Mid Cap Growth Portfolio	Dynamic Mid Cap Growth Intellidex SM Index
PowerShares Dynamic Mid Cap Portfolio	Dynamic Mid Cap Intellidex SM Index
PowerShares Dynamic Mid Cap Value Portfolio	Dynamic Mid Cap Value Intellidex SM Index
PowerShares Dynamic Networking Portfolio	Dynamic Networking Intellidex SM Index
PowerShares Dynamic Oil & Gas Services Portfolio	Dynamic Oil Services Intellidex SM Index
PowerShares Dynamic OTC Portfolio	Dynamic OTC Intellidex SM Index
PowerShares Dynamic Pharmaceuticals Portfolio	Dynamic Pharmaceuticals Intellidex SM Index
PowerShares Dynamic Retail Portfolio	Dynamic Retail Intellidex SM Index
PowerShares Dynamic Semiconductors Portfolio	Dynamic Semiconductors Intellidex SM Index
PowerShares Dynamic Small Cap Growth Portfolio	Dynamic Small Cap Growth Intellidex SM Index
PowerShares Dynamic Small Cap Portfolio	Dynamic Small Cap Intellidex SM Index
PowerShares Dynamic Small Cap Value Portfolio	Dynamic Small Cap Value Intellidex SM Index
PowerShares Dynamic Software Portfolio	Dynamic Software Intellidex SM Index
PowerShares Dynamic Technology Sector Portfolio	Dynamic Technology Sector Intellidex SM Index
PowerShares Dynamic Telecommunications & Wireless Portfolio	Dynamic Telecommunications & Wireless Intellidex SM Index
PowerShares Dynamic Utilities Portfolio	Dynamic Utilities Intellidex SM Index
PowerShares Financial Preferred Portfolio	Wells Fargo® Hybrid & Preferred Financial Index

<u>Fund</u>	<u>Underlying Index or Underlying Intellidex</u>
PowerShares FTSE RAFI US 1000 Portfolio	FTSE RAFI US 1000 Index
PowerShares FTSE RAFI US 1500 Small-Mid Portfolio	FTSE RAFI US 1500 Small-Mid Index
PowerShares Global Listed Private Equity Portfolio	Global Listed Private Equity Index SM
PowerShares Golden Dragon Halter USX China Portfolio	Halter USX China Index SM
PowerShares High Yield Equity Dividend Achievers™ Portfolio	Mergent Dividend Achievers™ 50 Index
PowerShares International Dividend Achievers™ Portfolio	International Dividend Achievers™ Index
PowerShares Lux Nanotech Portfolio	Lux Nanotech Index™
PowerShares Morningstar® StockInvestor SM Core Portfolio	Morningstar® StockInvestor Core Index
PowerShares S&P 500® High Quality Portfolio	S&P 500® High Quality Rankings Index
PowerShares Water Resources Portfolio	Palisades Water Index
PowerShares WilderHill Clean Energy Portfolio	WilderHill Clean Energy Index
PowerShares WilderHill Progressive Energy Portfolio	WilderHill Progressive Energy Index
PowerShares Zacks Micro Cap Portfolio	Zacks Micro Cap Index™
PowerShares Zacks Small Cap Portfolio	Zacks Small Cap Index™

The only relationships that NYSE Arca has with the Adviser or Distributor of 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 Energy Sector Portfolio, PowerShares Dynamic Financial Sector Portfolio, PowerShares Dynamic Food & Beverage Portfolio, PowerShares Dynamic Healthcare Sector Portfolio, PowerShares Dynamic Healthcare Services Portfolio, PowerShares Dynamic Industrials Sector Portfolio, PowerShares Dynamic Insurance Portfolio, PowerShares Dynamic Large Cap Growth Portfolio, PowerShares Dynamic Large Cap Portfolio, PowerShares Dynamic Large Cap Value Portfolio, PowerShares Dynamic Leisure and Entertainment Portfolio, PowerShares Dynamic MagniQuant Portfolio, PowerShares Dynamic Market Portfolio, PowerShares Dynamic Media Portfolio, PowerShares Dynamic Media Portfolio, PowerShares Dynamic Media Portfolio, PowerShares Dynamic Mid Cap Value Portfolio, PowerShares Dynamic Mid Cap Value Portfolio, PowerShares Dynamic Networking Portfolio, PowerShares Dynamic Oil & Gas Services 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 Telecommunications & Wireless Portfolio, PowerShares Dynamic Utilities Portfolio or PowerShares Dynamic Energy Exploration & Production Portfolio in connection with the Funds are that NYSE Arca has licensed certain of its intellectual property, including the determination of the component stocks of the Underlying Intellidexes and the names of the Underlying Intellidexes; and NYSE Arca lists the Shares of the Funds pursuant to its Listing Agreement with the Trust. The Underlying Intellidexes are selected and calculated without regard to the Adviser, Distributor or owners of the Funds. NYSE Arca has no obligation to take the specific needs of the Adviser, Distributor or owners of the Funds into consideration in the determination and calculation of the Underlying Intellidexes. NYSE Arca is not responsible for and has not participated in the determination of pricing or the timing of the issuance or sale of the Shares of the Funds or in the determination or calculation of the asset value of the Funds. NYSE Arca has no obligation or liability in connection with the administration, marketing or trading of the Funds.

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

in contract, strict liability or tort (including negligence or otherwise), resulting from the use of the Underlying Index or any data included therein, even if notified of the possibility of such damages.

The only relationship that Zacks has with the Adviser or Distributor of PowerShares Zacks Small Cap Portfolio or PowerShares Zacks Micro Cap Portfolio in connection with the Funds is that Zacks has licensed certain of its intellectual property, including the determination of the component stocks of the Underlying Indexes and the name of the Underlying Indexes. The Underlying Indexes are selected and calculated without regard to the Adviser, Distributor or owners of the Funds. Zacks has no obligation to take the specific needs of the Adviser, Distributor or owners of the Funds into consideration in the determination and calculation of the Underlying Indexes. Zacks is not responsible for and has not participated in the determination of pricing or the timing of the issuance or sale of the Shares of the Funds or in the determination or calculation of the asset value of the Funds. Zacks does not have any obligation or liability in connection with the administration, marketing or trading of the Funds.

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THE CORPORATIONS DO NOT GUARANTEE THE ACCURACY OR COMPLETENESS OF THE DATA ON WHICH THE IPV CALCULATIONS ARE BASED OR THE ACTUAL COMPUTATION OF THE VALUE OF THE IPV, NOR SHALL THE CORPORATIONS BE RESPONSIBLE FOR ANY DELAYS IN THE COMPUTATION OR DISSEMINATION OF THE IPV VALUES. THE CORPORATIONS MAKE NO WARRANTY, EXPRESS OR IMPLIED, AS TO RESULTS TO BE OBTAINED BY THE POWERSHARES EXCHANGE-TRADED FUND TRUST, OWNERS OF THE POWERSHARES FTSE RAFI US 1500 SMALL-MID PORTFOLIO, OR ANY OTHER PERSON OR ENTITY FROM THE USE OF THE IPV'S OR ANY DATA INCLUDED THEREIN. THE CORPORATIONS MAKE NO EXPRESS OR IMPLIED WARRANTIES, AND EXPRESSLY DISCLAIM ALL WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE WITH RESPECT TO THE IPV'S OR ANY DATA INCLUDED THEREIN. WITHOUT LIMITING ANY OF THE FOREGOING, IN NO EVENT SHALL THE CORPORATIONS HAVE ANY LIABILITY FOR ANY LOST PROFITS OR SPECIAL, INCIDENTAL, PUNITIVE, INDIRECT, OR CONSEQUENTIAL DAMAGES, EVEN IF NOTIFIED OF THE POSSIBILITY OF DAMAGES.

BROKERAGE TRANSACTIONS

The policy of the Trust regarding purchases and sales of securities is that primary consideration will be given to obtaining the most favorable prices and efficient executions of transactions. Consistent with this policy, when securities transactions are effected on a stock exchange, the Trust’s policy is to pay commissions that are considered fair and reasonable without necessarily determining that the lowest possible commissions are paid in all circumstances. In seeking to determine the reasonableness of brokerage commissions paid in any transaction, the Adviser relies upon its experience and knowledge regarding commissions generally charged by various brokers. The sale of Fund Shares by a broker-dealer is not a factor in the selection of broker-dealers.

In seeking to implement the Trust’s policies, the Adviser effects transactions with those brokers and dealers that the Adviser believes provide the most favorable prices and are capable of providing efficient executions. The Adviser and its affiliates do not currently participate in soft dollar transactions.

The Adviser assumes general supervision over placing orders on behalf of the Funds for the purchase or sale of portfolio securities. If purchases or sales of portfolio securities by the Funds and one or more other investment companies or clients supervised by the Adviser are considered at or about the same time, transactions in such securities are allocated among the Fund, the several investment companies and clients in a manner deemed equitable to all by the Adviser. In some cases, this procedure could have a detrimental effect on the price or volume of the security as far as the Funds are concerned. However, in other cases, it is possible that the ability to participate in volume transactions and to negotiate lower brokerage commissions will be beneficial to the Funds. The primary consideration is prompt execution of orders at the most favorable net price.

Purchases and sales of fixed income securities for the Funds usually are principal transactions and ordinarily are purchased directly from the issuer or from an underwriter or broker-dealer. The Funds do not usually pay brokerage commissions in connection with such purchases and sales, although purchases of new issues from underwriters of securities typically include a commission or concession paid by the issuer to the underwriter, and purchases from dealers serving as market-makers typically include a dealer’s mark-up (i.e., a spread between the bid and the ask prices).

When a Fund purchases a newly issued security at a fixed price, the Adviser may designate certain members of the underwriting syndicate to receive compensation associated with that transaction. Certain dealers have agreed to rebate a portion of such compensation directly to a Fund to offset the Fund's management expenses.

The aggregate brokerage commissions paid by each Fund during the Fund's fiscal years ended April 30, 2008, 2009 and 2010 are set forth in the chart below.

Fund	Brokerage Commissions Paid for the Fiscal Year Ended		
	April 30, 2008	April 30, 2009	April 30, 2010
PowerShares Aerospace & Defense Portfolio	\$20,703	\$8,949	\$13,069
PowerShares Buyback Achievers™ Portfolio	\$25,615	\$25,003	\$4,966
PowerShares Cleantech™ Portfolio	\$13,801	\$97,639	\$40,938
PowerShares Dividend Achievers™ Portfolio	\$3,697	\$30,732	\$12,174
PowerShares DWA Technical Leaders™ Portfolio	\$70,944	\$159,402	\$43,702
PowerShares Dynamic Banking Portfolio	\$67,140	\$102,447	\$25,740
PowerShares Dynamic Basic Materials Sector Portfolio	\$10,428	\$23,933	\$14,624
PowerShares Dynamic Biotechnology & Genome Portfolio	\$271,298	\$328,344	\$360,798
PowerShares Dynamic Building & Construction Portfolio	\$11,343	\$16,839	\$51,266
PowerShares Dynamic Consumer Discretionary Sector Portfolio	\$12,424	\$25,684	\$10,326
PowerShares Dynamic Consumer Staples Sector Portfolio	\$6,532	\$20,614	\$26,174
PowerShares Dynamic Energy Exploration & Production Portfolio	\$38,554	\$69,326	\$46,119
PowerShares Dynamic Energy Sector Portfolio	\$12,203	\$17,002	\$22,969
PowerShares Dynamic Financial Sector Portfolio	\$3,903	\$12,423	\$13,536
PowerShares Dynamic Food & Beverage Portfolio	\$17,072	\$49,681	\$27,582
PowerShares Dynamic Healthcare Sector Portfolio	\$47,843	\$67,839	\$67,162
PowerShares Dynamic Healthcare Services Portfolio	\$18,658	\$11,311	\$6,924
PowerShares Dynamic Industrials Sector Portfolio	\$17,162	\$43,864	\$66,093
PowerShares Dynamic Insurance Portfolio	\$21,682	\$19,227	\$9,987
PowerShares Dynamic Large Cap Growth Portfolio	\$116,311	\$153,987	\$84,030
PowerShares Dynamic Large Cap Portfolio	\$3,765	\$10,932	\$10,917
PowerShares Dynamic Large Cap Value Portfolio	\$32,322	\$68,243	\$90,173
PowerShares Dynamic Leisure and Entertainment Portfolio	\$17,291	\$8,619	\$14,399
PowerShares Dynamic MagniQuant Portfolio	\$40,693	\$33,926	\$23,877
PowerShares Dynamic Market Portfolio	\$461,570	\$382,116	\$232,135
PowerShares Dynamic Media Portfolio	\$31,369	\$31,961	\$50,586
PowerShares Dynamic Mid Cap Growth Portfolio	\$121,667	\$130,079	\$69,543
PowerShares Dynamic Mid Cap Portfolio	\$7,828	\$14,887	\$10,061
PowerShares Dynamic Mid Cap Value Portfolio	\$24,780	\$42,990	\$27,061
PowerShares Dynamic Networking Portfolio	\$7,686	\$4,885	\$19,992
PowerShares Dynamic Oil & Gas Services Portfolio	\$166,512	\$259,226	\$190,904
PowerShares Dynamic OTC Portfolio	\$69,283	\$53,029	\$31,444
PowerShares Dynamic Pharmaceuticals Portfolio	\$46,564	\$75,538	\$41,147
PowerShares Dynamic Retail Portfolio	\$22,742	\$17,509	\$32,840
PowerShares Dynamic Semiconductors Portfolio	\$92,499	\$48,850	\$37,834
PowerShares Dynamic Small Cap Growth Portfolio	\$40,542	\$41,762	\$43,333
PowerShares Dynamic Small Cap Portfolio	\$8,369	\$13,535	\$16,059
PowerShares Dynamic Small Cap Value Portfolio	\$74,273	\$80,747	\$95,447
PowerShares Dynamic Software Portfolio	\$38,801	\$26,174	\$26,925
PowerShares Dynamic Technology Sector Portfolio	\$24,544	\$40,364	\$31,118
PowerShares Dynamic Telecommunications & Wireless Portfolio	\$21,426	\$26,087	\$16,469
PowerShares Dynamic Utilities Portfolio	\$22,654	\$23,124	\$17,979

<u>Fund</u>	Brokerage Commissions Paid for the Fiscal Year Ended		
	April 30, 2008	April 30, 2009	April 30, 2010
PowerShares Financial Preferred Portfolio	\$96,463	\$147,773	\$10,641
PowerShares FTSE RAFI US 1000 Portfolio	\$104,277	\$124,630	\$233,849
PowerShares FTSE RAFI US 1500 Small-Mid Portfolio	\$100,013	\$169,301	\$207,856
PowerShares Global Listed Private Equity Portfolio	\$56,173	\$333,787	\$400,060
PowerShares Golden Dragon Halter USX China Portfolio	\$100,235	\$112,493	\$183,821
PowerShares High Yield Equity Dividend Achievers™ Portfolio	\$184,443	\$237,504	\$71,356
PowerShares International Dividend Achievers™ Portfolio	\$252,803	\$250,222	\$179,034
PowerShares Lux Nanotech Portfolio	\$121,296	\$177,978	\$65,852
PowerShares Morningstar® StockInvestor™ Core Portfolio	\$21,976	\$42,611	\$25,961
PowerShares S&P 500® High Quality Portfolio	\$135,232	\$120,553	\$66,290
PowerShares Water Resources Portfolio	\$309,120	\$477,500	\$189,805
PowerShares WilderHill Clean Energy Portfolio	\$586,789	\$1,726,996	\$1,077,074
PowerShares WilderHill Progressive Energy Portfolio	\$27,292	\$46,111	\$33,591
PowerShares Zacks Micro Cap Portfolio	\$203,456	\$100,052	\$92,600
PowerShares Zacks Small Cap Portfolio	\$55,030	\$43,631	\$34,092

ADDITIONAL INFORMATION CONCERNING THE TRUST

The Trust is an open-end management investment company registered under the 1940 Act. The Trust was organized as a Massachusetts business trust on June 9, 2000 pursuant to a Declaration of Trust (“Declaration”).

The Trust is authorized to issue an unlimited number of shares in one or more series or “funds.” The Trust currently offers shares of 62 funds. The Board of Trustees of the Trust has the right to establish additional series in the future, to determine the preferences, voting powers, rights and privileges thereof and to modify such preferences, voting powers, rights and privileges without Shareholder approval.

Each Share issued by a Fund has a pro rata interest in the assets of the Fund. Fund Shares have no preemptive, exchange, subscription or conversion rights and are freely transferable. Each Share is entitled to participate equally in dividends and distributions declared by the Board of Trustees with respect to the Fund, and in the net distributable assets of the Fund on liquidation.

Each Share has one vote with respect to matters upon which a Shareholder vote is required consistent with the requirements of the 1940 Act and the rules promulgated thereunder. Shares of all funds, including the Funds, of the Trust vote together as a single class except as otherwise required by the 1940 Act, or if the matter being voted on affects only a particular fund, and, if a matter affects a particular fund differently from other funds, the shares of that fund will vote separately on such matter.

The Declaration provides that by becoming a Shareholder of a Fund, each Shareholder shall be expressly held to have agreed to be bound by the provisions of the Declaration. The Declaration may, except in limited circumstances, be amended or supplemented by the Trustees without Shareholder vote. The holders of Fund shares are required to disclose information on direct or indirect ownership of Fund shares as may be required to comply with various laws applicable to the Fund, and ownership of Fund shares may be disclosed by the Fund if so required by law or regulation. The Trust’s Declaration also provides that Shareholders may not bring suit on behalf of a Fund without first requesting that the Trustees bring such suit unless there would be irreparable injury to the Fund, or if a majority of the Trustees have a personal financial interest in the action. Trustees are not considered to have a personal financial interest by virtue of being compensated for their services as Trustees.

The Trust is not required and does not intend to hold annual meetings of Shareholders. Shareholders owning more than 10% of the outstanding shares of the Trust have the right to call a special meeting to remove one or more Trustees or for any other purpose.

Under Massachusetts law applicable to Massachusetts business trusts, shareholders of such a trust may, under certain circumstances, be held personally liable as partners for its obligations. However, the Declaration

contains an express disclaimer of shareholder liability for acts or obligations of the Trust and requires that notice of this disclaimer be given in each agreement, obligation or instrument entered into or executed by the Trust or the Trustees. The Trust's Declaration of Trust further provides for indemnification out of the assets and property of the Trust for all losses and expenses of any shareholder held personally liable for the obligations of the Trust. Thus, the risk of a shareholder incurring financial loss on account of shareholder liability is limited to circumstances in which both inadequate insurance existed and the Trust or Fund itself was unable to meet its obligations. The Trust believes the likelihood of the occurrence of these circumstances is remote.

The Trust does not have information concerning the beneficial ownership of Shares held by DTC Participants (as defined below).

Shareholders may make inquiries by writing to the Trust, c/o the Distributor, Invesco Distributors, Inc., 11 Greenway Plaza, Suite 100, Houston, Texas 77046-1173.

Control Persons. The following table sets forth the name, address and percentage of ownership of each person who is known by the Trust to own, of record or beneficially, 5% or more of each Fund's outstanding equity securities as of August 1, 2010:

POWERSHARES AEROSPACE & DEFENSE PORTFOLIO

<u>Name & Address</u>	<u>% Owned</u>
Merrill Lynch Professional 4 Corporate Place Piscataway, NJ 08854	25.72%
Charles Schwab & Co., Inc. 211 Main Street San Francisco, CA 94105	9.34%
National Financial Services LLC 200 Liberty Street New York, NY 10281	9.05%
First Clearing, LLC 901 E. Byrd Street Richmond, VA 23219	5.23%
Brown Brothers Harriman & Co. 525 Washington Ave Jersey City, NJ 07302	5.12%

POWERSHARES BUYBACK ACHIEVERS™ PORTFOLIO

<u>Name & Address</u>	<u>% Owned</u>
Charles Schwab & Co., Inc. 211 Main Street San Francisco, CA 94105	13.41%
American Enterprise Investment Services Inc. 2178 AXP Financial Center Minneapolis, MN 55474	9.47%
First Clearing, LLC 901 E. Byrd Street Richmond, VA 23219	9.44%
The Bank of New York One Wall Street New York, NY 10286	9.32%
National Financial Services LLC 200 Liberty Street New York, NY 10281	7.72%

<u>Name & Address</u>	<u>% Owned</u>
Merrill Lynch Professional 4 Corporate Place Piscataway, NJ 08854	6.71%

POWERSHARES CLEANTECH™ PORTFOLIO

<u>Name & Address</u>	<u>% Owned</u>
Charles Schwab & Co., Inc. 211 Main Street San Francisco, CA 94105	16.91%
Brown Brothers Harriman & Co. 525 Washington Ave Jersey City, NJ 07302	16.42%
National Financial Services LLC 200 Liberty Street New York, NY 10281	7.30%
Merrill Lynch Professional 4 Corporate Place Piscataway, NJ 08854	6.07%

POWERSHARES DIVIDEND ACHIEVERS™ PORTFOLIO

<u>Name & Address</u>	<u>% Owned</u>
Robert W. Baird & Co. Incorporated 777 East Wisconsin Avenue Milwaukee, WI 53202	12.21%
First Clearing, LLC 901 E. Byrd Street Richmond, VA 23219	12.16%
Raymond, James & Associates, Inc. 880 Carilion Parkway St. Petersburg, FL 33716	10.29%
Charles Schwab & Co., Inc. 211 Main Street San Francisco, CA 94105	7.74%
Morgan Stanley DW Inc. 1221 Avenue of the Americas New York, NY 10020	7.38%
Merrill Lynch Professional 4 Corporate Place Piscataway, NJ 08854	6.56%
National Financial Services LLC 200 Liberty Street New York, NY 10281	5.84%
Pershing LLC 1 Pershing Plaza Jersey City, NJ 07399	5.18%

POWERSHARES DWA TECHNICAL PORTFOLIO

<u>Name & Address</u>	<u>% Owned</u>
First Clearing, LLC 901 E. Byrd Street Richmond, VA 23219	14.49%

<u>Name & Address</u>	<u>% Owned</u>
Raymond, James & Associates, Inc. 880 Carilion Parkway St. Petersburg, FL 33716	11.83%
Charles Schwab & Co., Inc. 211 Main Street San Francisco, CA 94105	9.86%
Merrill Lynch Professional 4 Corporate Place Piscataway, NJ 08854	9.17%
National Financial Services LLC 200 Liberty Street New York, NY 10281	8.80%
Citigroup Global Markets Inc. 333 W. 34th Street New York, NY 10001	7.12%
UBS Financial Services LLC 1200 Harbor Blvd. Weehawken, NJ 07086	5.97%
Morgan Stanley DW Inc. 1221 Avenue of the Americas New York, NY 10020	5.44%

POWERSHARES DYNAMIC BANKING PORTFOLIO

<u>Name & Address</u>	<u>% Owned</u>
First Clearing, LLC 901 E. Byrd Street Richmond, VA 23219	21.59%
National Financial Services LLC 200 Liberty Street New York, NY 10281	11.56%
Goldman Sachs Execution & Clearing, L.P. 30 Hudson Street Jersey City, NJ 07302	11.25%
Merrill Lynch Professional 4 Corporate Place Piscataway, NJ 08854	9.19%
Pershing LLC 1 Pershing Plaza Jersey City, NJ 07399	7.28%
Citigroup Global Markets Inc. 333 W. 34th Street New York, NY 10001	5.48%
UBS Financial Services LLC 1200 Harbor Blvd. Weehawken, NJ 07086	5.06%

POWERSHARES DYNAMIC BASIC MATERIALS SECTOR PORTFOLIO

<u>Name & Address</u>	<u>% Owned</u>
First Clearing, LLC 901 E. Byrd Street Richmond, VA 23219	27.84%

<u>Name & Address</u>	<u>% Owned</u>
Charles Schwab & Co., Inc. 211 Main Street San Francisco, CA 94105	15.34%
Citigroup Global Markets Inc. 333 W. 34th Street New York, NY 10001	8.73%
National Financial Services LLC 200 Liberty Street New York, NY 10281	5.69%
Pershing LLC 1 Pershing Plaza Jersey City, NJ 07399	5.07%

POWERSHARES DYNAMIC BIOTECHNOLOGY & GENOME PORTFOLIO

<u>Name & Address</u>	<u>% Owned</u>
Charles Schwab & Co., Inc. 211 Main Street San Francisco, CA 94105	12.83%
First Clearing, LLC 901 E. Byrd Street Richmond, VA 23219	10.35%
Citigroup Global Markets Inc. 333 W. 34th Street New York, NY 10001	8.95%
National Financial Services LLC 200 Liberty Street New York, NY 10281	7.68%
Janney Montgomery Scott Inc. 1801 Market Street Philadelphia, PA 19103	6.48%
Merrill Lynch Professional 4 Corporate Place Piscataway, NJ 08854	6.42%

POWERSHARES DYNAMIC BUILDING & CONSTRUCTION PORTFOLIO

<u>Name & Address</u>	<u>% Owned</u>
Merrill Lynch Professional 4 Corporate Place Piscataway, NJ 08854	29.15%
National Financial Services LLC 200 Liberty Street New York, NY 10281	14.08%
Charles Schwab & Co., Inc. 211 Main Street San Francisco, CA 94105	10.74%

POWERSHARES DYNAMIC CONSUMER DISCRETIONARY SECTOR PORTFOLIO

<u>Name & Address</u>	<u>% Owned</u>
First Clearing, LLC 901 E. Byrd Street Richmond, VA 23219	21.04%

<u>Name & Address</u>	<u>% Owned</u>
U.S. Bank N.A. 800 Nicollet Mall Minneapolis, MN 55402	13.38%
Goldman Sachs Execution & Clearing, L.P. 30 Hudson Street Jersey City, NJ 07302	10.04%
Merrill Lynch Professional 4 Corporate Place Piscataway, NJ 08854	9.37%
Pershing LLC 1 Pershing Plaza Jersey City, NJ 07399	7.09%
Charles Schwab & Co., Inc. 211 Main Street San Francisco, CA 94105	6.85%
Citigroup Global Markets Inc. 333 W. 34th Street New York, NY 10001	6.78%

POWERSHARES DYNAMIC CONSUMER STAPLES SECTOR PORTFOLIO

<u>Name & Address</u>	<u>% Owned</u>
Merrill Lynch Professional 4 Corporate Place Piscataway, NJ 08854	16.80%
Pershing LLC 1 Pershing Plaza Jersey City, NJ 07399	13.62%
First Clearing, LLC 901 E. Byrd Street Richmond, VA 23219	13.16%
U.S. Bank N.A. 800 Nicollet Mall Minneapolis, MN 55402	7.54%
American Enterprise Investment Services Inc. 2178 AXP Financial Center Minneapolis, MN 55474	5.77%

POWERSHARES DYNAMIC ENERGY EXPLORATION & PRODUCTION PORTFOLIO

<u>Name & Address</u>	<u>% Owned</u>
National Financial Services LLC 200 Liberty Street New York, NY 10281	13.36%
Charles Schwab & Co., Inc. 211 Main Street San Francisco, CA 94105	13.09%
First Clearing, LLC 901 E. Byrd Street Richmond, VA 23219	11.40%
Merrill Lynch Professional 4 Corporate Place Piscataway, NJ 08854	5.66%

<u>Name & Address</u>	<u>% Owned</u>
U.S. Bank N.A. 800 Nicollet Mall Minneapolis, MN 55402	5.28%

POWERSHARES DYNAMIC ENERGY SECTOR PORTFOLIO

<u>Name & Address</u>	<u>% Owned</u>
First Clearing, LLC 901 E. Byrd Street Richmond, VA 23219	20.88%
Charles Schwab & Co., Inc. 211 Main Street San Francisco, CA 94105	13.39%
Merrill Lynch Professional 4 Corporate Place Piscataway, NJ 08854	11.08%
National Financial Services LLC 200 Liberty Street New York, NY 10281	10.84%
Citigroup Global Markets Inc. 333 W. 34th Street New York, NY 10001	6.15%
Brown Brothers Harriman & Co. 525 Washington Ave Jersey City, NJ 07302	6.38%

POWERSHARES DYNAMIC FINANCIAL SECTOR PORTFOLIO

<u>Name & Address</u>	<u>% Owned</u>
First Clearing, LLC 901 E. Byrd Street Richmond, VA 23219	18.62%
Merrill Lynch Professional 4 Corporate Place Piscataway, NJ 08854	15.31%
Pershing LLC 1 Pershing Plaza Jersey City, NJ 07399	11.68%
Charles Schwab & Co., Inc. 211 Main Street San Francisco, CA 94105	9.45%
National Financial Services LLC 200 Liberty Street New York, NY 10281	7.26%
Goldman, Sachs & Co. 30 Hudson Street Jersey City, NJ 07302	6.14%

POWERSHARES DYNAMIC FOOD & BEVERAGE PORTFOLIO

<u>Name & Address</u>	<u>% Owned</u>
Merrill Lynch Professional 4 Corporate Place Piscataway, NJ 08854	20.29%

<u>Name & Address</u>	<u>% Owned</u>
Brown Brothers Harriman & Co. 525 Washington Ave Jersey City, NJ 07302	10.38%
Merrill Lynch, Pierce, Fenner & Smith Incorporated 4 Corporate Place Piscataway, NJ 08854	7.71%
Morgan Stanley DW Inc. 1221 Avenue of the Americas New York, NY 10020	7.48%
National Financial Services LLC 200 Liberty Street New York, NY 10281	6.53%
Charles Schwab & Co., Inc. 211 Main Street San Francisco, CA 94105	5.65%
U.S. Bank N.A. 800 Nicollet Mall Minneapolis, MN 55402	5.34%

POWERSHARES DYNAMIC HEALTHCARE SECTOR PORTFOLIO

<u>Name & Address</u>	<u>% Owned</u>
First Clearing, LLC 901 E. Byrd Street Richmond, VA 23219	63.28%
Merrill Lynch Professional 4 Corporate Place Piscataway, NJ 08854	6.29%

POWERSHARES DYNAMIC HEALTHCARE SERVICES PORTFOLIO

<u>Name & Address</u>	<u>% Owned</u>
Pershing LLC 1 Pershing Plaza Jersey City, NJ 07399	10.29%
Charles Schwab & Co., Inc. 211 Main Street San Francisco, CA 94105	10.07%
First Clearing, LLC 901 E. Byrd Street Richmond, VA 23219	9.42%
National Financial Services LLC 200 Liberty Street New York, NY 10281	8.50%
Goldman, Sachs & Co. 30 Hudson Street Jersey City, NJ 07302	7.20%
Merrill Lynch Professional 4 Corporate Place Piscataway, NJ 08854	6.12%

POWERSHARES DYNAMIC INDUSTRIALS SECTOR PORTFOLIO

<u>Name & Address</u>	<u>% Owned</u>
First Clearing, LLC 901 E. Byrd Street Richmond, VA 23219	25.45%
Charles Schwab & Co., Inc. 211 Main Street San Francisco, CA 94105	14.52%
Brown Brothers Harriman & Co. 525 Washington Ave Jersey City, NJ 07302	8.63%
Merrill Lynch Professional 4 Corporate Place Piscataway, NJ 08854	8.14%
National Financial Services LLC 200 Liberty Street New York, NY 10281	6.84%
Citigroup Global Markets Inc. 333 W. 34th Street New York, NY 10001	6.68%
Pershing LLC 1 Pershing Plaza Jersey City, NJ 07399	5.23%

POWERSHARES DYNAMIC INSURANCE PORTFOLIO

<u>Name & Address</u>	<u>% Owned</u>
Merrill Lynch Professional 4 Corporate Place Piscataway, NJ 08854	36.36%
First Clearing, LLC 901 E. Byrd Street Richmond, VA 23219	7.72%
National Financial Services LLC 200 Liberty Street New York, NY 10281	7.00%
Goldman, Sachs & Co. 30 Hudson Street Jersey City, NJ 07302	6.84%
Charles Schwab & Co., Inc. 211 Main Street San Francisco, CA 94105	6.39%
RBC Dain Rauscher Inc. 60 S Sixth St. Minneapolis, MN 55402	5.52%

POWERSHARES DYNAMIC LARGE CAP GROWTH PORTFOLIO

<u>Name & Address</u>	<u>% Owned</u>
Charles Schwab & Co., Inc. 211 Main Street San Francisco, CA 94105	20.66%
Merrill Lynch Professional 4 Corporate Place Piscataway, NJ 08854	17.58%

<u>Name & Address</u>	<u>% Owned</u>
First Clearing, LLC 901 E. Byrd Street Richmond, VA 23219	10.37%
Citigroup Global Markets Inc. 333 W. 34th Street New York, NY 10001	9.72%
National Financial Services LLC 200 Liberty Street New York, NY 10281	6.27%

POWERSHARES DYNAMIC LARGE CAP PORTFOLIO

<u>Name & Address</u>	<u>% Owned</u>
American Enterprise Investment Services Inc. 2178 AXP Financial Center Minneapolis, MN 55474	17.02%
Merrill Lynch Professional 4 Corporate Place Piscataway, NJ 08854	11.88%
First Clearing, LLC 901 E. Byrd Street Richmond, VA 23219	11.79%
Pershing LLC 1 Pershing Plaza Jersey City, NJ 07399	10.54%
Merrill Lynch, Pierce, Fenner & Smith Incorporated 4 Corporate Place Piscataway, NJ 08854	8.03%
National Financial Services LLC 200 Liberty Street New York, NY 10281	7.41%

POWERSHARES DYNAMIC LARGE CAP VALUE PORTFOLIO

<u>Name & Address</u>	<u>% Owned</u>
Charles Schwab & Co., Inc. 211 Main Street San Francisco, CA 94105	13.66%
Citigroup Global Markets Inc. 333 W. 34th Street New York, NY 10001	11.37%
Merrill Lynch Professional 4 Corporate Place Piscataway, NJ 08854	9.85%
National Financial Services LLC 200 Liberty Street New York, NY 10281	9.72%
First Clearing, LLC 901 E. Byrd Street Richmond, VA 23219	8.72%
Pershing LLC 1 Pershing Plaza Jersey City, NJ 07399	5.86%

POWERSHARES DYNAMIC LEISURE AND ENTERTAINMENT PORTFOLIO

<u>Name & Address</u>	<u>% Owned</u>
First Clearing, LLC 901 E. Byrd Street Richmond, VA 23219	14.11%
Charles Schwab & Co., Inc. 211 Main Street San Francisco, CA 94105	10.23%
Bank of America, National Association 100 North Tryon Street Charlotte, NC 28255	8.39%
U.S. Bank N.A. 800 Nicollet Mall Minneapolis, MN 55402	7.43%
Raymond, James & Associates, Inc. 880 Carilion Parkway St. Petersburg, FL 33716	6.54%
Citigroup Global Markets Inc. 333 W. 34th Street New York, NY 10001	6.46%
Morgan Stanley DW Inc. 1221 Avenue of the Americas New York, NY 10020	5.82%
National Financial Services LLC 200 Liberty Street New York, NY 10281	5.28%
Pershing LLC 1 Pershing Plaza Jersey City, NJ 07399	5.11%

POWERSHARES DYNAMIC MAGNIQUANT PORTFOLIO

<u>Name & Address</u>	<u>% Owned</u>
Citigroup Global Markets Inc. 333 W. 34th Street New York, NY 10001	23.34%
Merrill Lynch Professional 4 Corporate Place Piscataway, NJ 08854	10.54%
Goldman, Sachs & Co. 30 Hudson Street Jersey City, NJ 07302	10.46%
First Clearing, LLC 901 E. Byrd Street Richmond, VA 23219	8.63%
National Financial Services LLC 200 Liberty Street New York, NY 10281	5.38%
Merrill Lynch, Pierce, Fenner & Smith Incorporated 4 Corporate Place Piscataway, NJ 08854	5.22%

POWERSHARES DYNAMIC MARKET PORTFOLIO

<u>Name & Address</u>	<u>% Owned</u>
American Enterprise Investment Services Inc. 2178 AXP Financial Center Minneapolis, MN 55474	19.51%
Charles Schwab & Co., Inc. 211 Main Street San Francisco, CA 94105	11.85%
Citigroup Global Markets Inc. 333 W. 34th Street New York, NY 10001	11.61%
National Financial Services LLC 200 Liberty Street New York, NY 10281	7.89%
First Clearing, LLC 901 E. Byrd Street Richmond, VA 23219	7.47%
Merrill Lynch Professional 4 Corporate Place Piscataway, NJ 08854	6.79%

POWERSHARES DYNAMIC MEDIA PORTFOLIO

<u>Name & Address</u>	<u>% Owned</u>
Brown Brothers Harriman & Co. 525 Washington Ave Jersey City, NJ 07302	54.56%

POWERSHARES DYNAMIC MID CAP GROWTH PORTFOLIO

<u>Name & Address</u>	<u>% Owned</u>
Citigroup Global Markets Inc. 333 W. 34th Street New York, NY 10001	13.33%
Charles Schwab & Co., Inc. 211 Main Street San Francisco, CA 94105	11.54%
Merrill Lynch Professional 4 Corporate Place Piscataway, NJ 08854	11.36%
First Clearing, LLC 901 E. Byrd Street Richmond, VA 23219	10.59%
National Financial Services LLC 200 Liberty Street New York, NY 10281	7.40%
Pershing LLC 1 Pershing Plaza Jersey City, NJ 07399	6.45%
Ameritrade, Inc. 4211 South 102nd Street Omaha, NE 68127	6.28%

POWERSHARES DYNAMIC MID CAP PORTFOLIO

<u>Name & Address</u>	<u>% Owned</u>
Pershing LLC 1 Pershing Plaza Jersey City, NJ 07399	14.38%
First Clearing, LLC 901 E. Byrd Street Richmond, VA 23219	10.80%
Charles Schwab & Co., Inc. 211 Main Street San Francisco, CA 94105	9.83%
Merrill Lynch, Pierce, Fenner & Smith Incorporated 4 Corporate Place Piscataway, NJ 08854	7.87%
National Financial Services LLC 200 Liberty Street New York, NY 10281	6.90%
Citigroup Global Markets Inc. 333 W. 34th Street New York, NY 10001	6.49%
Raymond, James & Associates, Inc. 880 Carilion Parkway St. Petersburg, FL 33716	6.23%
American Enterprise Investment Services Inc. 2178 AXP Financial Center Minneapolis, MN 55474	6.30%
Merrill Lynch Professional 4 Corporate Place Piscataway, NJ 08854	6.21%

POWERSHARES DYNAMIC MID CAP VALUE PORTFOLIO

<u>Name & Address</u>	<u>% Owned</u>
Merrill Lynch Professional 4 Corporate Place Piscataway, NJ 08854	17.19%
Citigroup Global Markets Inc. 333 W. 34th Street New York, NY 10001	10.60%
Charles Schwab & Co., Inc. 211 Main Street San Francisco, CA 94105	9.69%
First Clearing, LLC 901 E. Byrd Street Richmond, VA 23219	7.34%
National Financial Services LLC 200 Liberty Street New York, NY 10281	6.23%
Pershing LLC 1 Pershing Plaza Jersey City, NJ 07399	6.02%

POWERSHARES DYNAMIC NETWORKING PORTFOLIO

<u>Name & Address</u>	<u>% Owned</u>
First Clearing, LLC 901 E. Byrd Street Richmond, VA 23219	23.37%
National Financial Services LLC 200 Liberty Street New York, NY 10281	13.67%
UBS Financial Services LLC 1200 Harbor Blvd. Weehawken, NJ 07086	11.70%
Merrill Lynch Professional 4 Corporate Place Piscataway, NJ 08854	9.98%
Charles Schwab & Co., Inc. 211 Main Street San Francisco, CA 94105	5.84%

POWERSHARES DYNAMIC OIL & GAS SERVICES PORTFOLIO

<u>Name & Address</u>	<u>% Owned</u>
National Financial Services LLC 200 Liberty Street New York, NY 10281	14.11%
Charles Schwab & Co., Inc. 211 Main Street San Francisco, CA 94105	13.11%
Brown Brothers Harriman & Co. 525 Washington Ave Jersey City, NJ 07302	8.39%
First Clearing, LLC 901 E. Byrd Street Richmond, VA 23219	7.93%
Merrill Lynch Professional 4 Corporate Place Piscataway, NJ 08854	5.95%
State Street Bank and Trust Company One Lincoln Street Boston, MA 02111	5.12%

POWERSHARES DYNAMIC OTC PORTFOLIO

<u>Name & Address</u>	<u>% Owned</u>
First Clearing, LLC 901 E. Byrd Street Richmond, VA 23219	14.97%
Citigroup Global Markets Inc. 333 W. 34th Street New York, NY 10001	12.60%
Merrill Lynch Professional 4 Corporate Place Piscataway, NJ 08854	11.21%

POWERSHARES DYNAMIC PHARMACEUTICALS PORTFOLIO

<u>Name & Address</u>	<u>% Owned</u>
Charles Schwab & Co., Inc. 211 Main Street San Francisco, CA 94105	15.09%
First Clearing, LLC 901 E. Byrd Street Richmond, VA 23219	12.94%
Merrill Lynch Professional 4 Corporate Place Piscataway, NJ 08854	7.03%
National Financial Services LLC 200 Liberty Street New York, NY 10281	6.21%
Ameritrade, Inc. 4211 South 102nd Street Omaha, NE 68127	6.16%
Goldman, Sachs & Co. 30 Hudson Street Jersey City, NJ 07302	5.57%

POWERSHARES DYNAMIC RETAIL PORTFOLIO

<u>Name & Address</u>	<u>% Owned</u>
First Clearing, LLC 901 E. Byrd Street Richmond, VA 23219	12.58%
Citibank, N.A. 333 W. 34th Street New York, NY 10001	12.32%
Citigroup Global Markets Inc. 333 W. 34th Street New York, NY 10001	7.77%
Merrill Lynch Professional 4 Corporate Place Piscataway, NJ 08854	7.18%
National Financial Services LLC 200 Liberty Street New York, NY 10281	6.71%
Goldman, Sachs & Co. 30 Hudson Street Jersey City, NJ 07302	6.60%

POWERSHARES DYNAMIC SEMICONDUCTORS PORTFOLIO

<u>Name & Address</u>	<u>% Owned</u>
Citigroup Global Markets Inc. 333 W. 34th Street New York, NY 10001	21.31%
First Clearing, LLC 901 E. Byrd Street Richmond, VA 23219	13.46%

<u>Name & Address</u>	<u>% Owned</u>
Merrill Lynch Professional 4 Corporate Place Piscataway, NJ 08854	8.49%
Goldman, Sachs & Co. 30 Hudson Street Jersey City, NJ 07302	7.55%
National Financial Services LLC 200 Liberty Street New York, NY 10281	5.66%
UBS Financial Services LLC 1200 Harbor Blvd. Weehawken, NJ 07086	5.21%

POWERSHARES DYNAMIC SMALL CAP GROWTH PORTFOLIO

<u>Name & Address</u>	<u>% Owned</u>
First Clearing, LLC 901 E. Byrd Street Richmond, VA 23219	19.11%
Charles Schwab & Co., Inc. 211 Main Street San Francisco, CA 94105	9.02%
Citigroup Global Markets Inc. 333 W. 34th Street New York, NY 10001	8.09%
Merrill Lynch Professional 4 Corporate Place Piscataway, NJ 08854	7.48%
National Financial Services LLC 200 Liberty Street New York, NY 10281	7.18%
Pershing LLC 1 Pershing Plaza Jersey City, NJ 07399	6.33%

POWERSHARES DYNAMIC SMALL CAP PORTFOLIO

<u>Name & Address</u>	<u>% Owned</u>
First Clearing, LLC 901 E. Byrd Street Richmond, VA 23219	16.49%
Goldman, Sachs & Co. 30 Hudson Street Jersey City, NJ 07302	16.09%
Citigroup Global Markets Inc. 333 W. 34th Street New York, NY 10001	11.46%
Pershing LLC 1 Pershing Plaza Jersey City, NJ 07399	9.82%
Merrill Lynch Professional 4 Corporate Place Piscataway, NJ 08854	8.28%

<u>Name & Address</u>	<u>% Owned</u>
National Financial Services LLC 200 Liberty Street New York, NY 10281	6.67%
American Enterprise Investment Services Inc. 2178 AXP Financial Center Minneapolis, MN 55474	5.04%

POWERSHARES DYNAMIC SMALL CAP VALUE PORTFOLIO

<u>Name & Address</u>	<u>% Owned</u>
Ameritrade, Inc. 4211 South 102nd Street Omaha, NE 68127	38.32%
Merrill Lynch Professional 4 Corporate Place Piscataway, NJ 08854	9.08%
Charles Schwab & Co., Inc. 211 Main Street San Francisco, CA 94105	8.99%
National Financial Services LLC 200 Liberty Street New York, NY 10281	8.69%

POWERSHARES DYNAMIC SOFTWARE PORTFOLIO

<u>Name & Address</u>	<u>% Owned</u>
Charles Schwab & Co., Inc. 211 Main Street San Francisco, CA 94105	20.45%
Citigroup Global Markets Inc. 333 W. 34th Street New York, NY 10001	12.55%
First Clearing, LLC 901 E. Byrd Street Richmond, VA 23219	11.32%
Ameritrade, Inc. 4211 South 102nd Street Omaha, NE 68127	8.91%
National Financial Services LLC 200 Liberty Street New York, NY 10281	8.07%
Merrill Lynch Professional 4 Corporate Place Piscataway, NJ 08854	6.70%
Pershing LLC 1 Pershing Plaza Jersey City, NJ 07399	5.20%

POWERSHARES DYNAMIC TECHNOLOGY SECTOR PORTFOLIO

<u>Name & Address</u>	<u>% Owned</u>
Merrill Lynch Professional 4 Corporate Place Piscataway, NJ 08854	18.48%

<u>Name & Address</u>	<u>% Owned</u>
National Financial Services LLC 200 Liberty Street New York, NY 10281	16.49%
First Clearing, LLC 901 E. Byrd Street Richmond, VA 23219	13.34%
Pershing LLC 1 Pershing Plaza Jersey City, NJ 07399	8.25%
Charles Schwab & Co., Inc. 211 Main Street San Francisco, CA 94105	7.55%
UBS Financial Services LLC 1200 Harbor Blvd. Weehawken, NJ 07086	6.49%

POWERSHARES DYNAMIC TELECOMMUNICATIONS & WIRELESS PORTFOLIO

<u>Name & Address</u>	<u>% Owned</u>
First Clearing, LLC 901 E. Byrd Street Richmond, VA 23219	22.44%
Merrill Lynch Professional 4 Corporate Place Piscataway, NJ 08854	13.97%
National Financial Services LLC 200 Liberty Street New York, NY 10281	12.20%
Charles Schwab & Co., Inc. 211 Main Street San Francisco, CA 94105	6.99%

POWERSHARES DYNAMIC UTILITIES PORTFOLIO

<u>Name & Address</u>	<u>% Owned</u>
First Clearing, LLC 901 E. Byrd Street Richmond, VA 23219	17.29%
Charles Schwab & Co., Inc. 211 Main Street San Francisco, CA 94105	8.81%
National Financial Services LLC 200 Liberty Street New York, NY 10281	8.55%
Linsco/Private Ledger Corp. 2810 Coliseum Centre Drive Charlotte, NC 28217	6.30%
Merrill Lynch Professional 4 Corporate Place Piscataway, NJ 08854	5.67%
Brown Brothers Harriman & Co. 525 Washington Ave Jersey City, NJ 07302	5.44%

<u>Name & Address</u>	<u>% Owned</u>
RBC Dain Rauscher Inc. 60 S Sixth St. Minneapolis, MN 55402	5.10%
Goldman, Sachs & Co. 30 Hudson Street Jersey City, NJ 07302	5.05%

POWERSHARES FINANCIAL PREFERRED PORTFOLIO

<u>Name & Address</u>	<u>% Owned</u>
Citigroup Global Markets Inc. 333 W. 34th Street New York, NY 10001	13.38%
National Financial Services LLC 200 Liberty Street New York, NY 10281	13.05%
Charles Schwab & Co., Inc. 211 Main Street San Francisco, CA 94105	12.28%
Merrill Lynch Professional 4 Corporate Place Piscataway, NJ 08854	12.19%
First Clearing, LLC 901 E. Byrd Street Richmond, VA 23219	10.25%
Morgan Stanley DW Inc. 1221 Avenue of the Americas New York, NY 10020	5.77%

POWERSHARES FTSE RAFI US 1000 PORTFOLIO

<u>Name & Address</u>	<u>% Owned</u>
Charles Schwab & Co., Inc. 211 Main Street San Francisco, CA 94105	23.12%
National Financial Services LLC 200 Liberty Street New York, NY 10281	13.68%
Merrill Lynch Professional 4 Corporate Place Piscataway, NJ 08854	6.12%

POWERSHARES FTSE RAFI US 1500 SMALL-MID PORTFOLIO

<u>Name & Address</u>	<u>% Owned</u>
Charles Schwab & Co., Inc. 211 Main Street San Francisco, CA 94105	22.35%
National Financial Services LLC 200 Liberty Street New York, NY 10281	12.16%
American Enterprise Investment Services Inc. 2178 AXP Financial Center Minneapolis, MN 55474	8.35%

<u>Name & Address</u>	<u>% Owned</u>
Bank of America, National Association 100 North Tryon Street Charlotte, NC 28255	6.42%
Merrill Lynch Professional 4 Corporate Place Piscataway, NJ 08854	6.41%

POWERSHARES GOLDEN DRAGON HALTER USX CHINA PORTFOLIO

<u>Name & Address</u>	<u>% Owned</u>
Charles Schwab & Co., Inc. 211 Main Street San Francisco, CA 94105	15.71%
National Financial Services LLC 200 Liberty Street New York, NY 10281	13.37%
Ameritrade, Inc. 4211 South 102nd Street Omaha, NE 68127	7.42%
Merrill Lynch Professional 4 Corporate Place Piscataway, NJ 08854	5.53%
Citigroup Global Markets Inc. 333 W. 34th Street New York, NY 10001	5.38%

POWERSHARES HIGH YIELD EQUITY DIVIDEND ACHIEVERS™ PORTFOLIO

<u>Name & Address</u>	<u>% Owned</u>
National Financial Services LLC 200 Liberty Street New York, NY 10281	11.68%
Merrill Lynch Professional 4 Corporate Place Piscataway, NJ 08854	10.38%
Charles Schwab & Co., Inc. 211 Main Street San Francisco, CA 94105	10.17%
First Clearing, LLC 901 E. Byrd Street Richmond, VA 23219	9.13%
Citigroup Global Markets Inc. 333 W. 34th Street New York, NY 10001	7.53%

POWERSHARES INTERNATIONAL DIVIDEND ACHIEVERS™ PORTFOLIO

<u>Name & Address</u>	<u>% Owned</u>
Charles Schwab & Co., Inc. 211 Main Street San Francisco, CA 94105	19.94%
State Street Bank and Trust Company One Lincoln Street Boston, MA 02111	13.85%

<u>Name & Address</u>	<u>% Owned</u>
Merrill Lynch Professional 4 Corporate Place Piscataway, NJ 08854	9.40%
National Financial Services LLC 200 Liberty Street New York, NY 10281	7.01%
Citigroup Global Markets Inc. 333 W. 34th Street New York, NY 10001	6.01%
First Clearing, LLC 901 E. Byrd Street Richmond, VA 23219	5.85%

POWERSHARES GLOBAL LISTED PRIVATE EQUITY PORTFOLIO

<u>Name & Address</u>	<u>% Owned</u>
Wells Fargo Bank, National Association 800 Walnut St. Des Moines, IA 50309	26.17%
Merrill Lynch Professional 4 Corporate Place Piscataway, NJ 08854	6.87%
Ameritrade, Inc. 4211 South 102nd Street Omaha, NE 68127	5.44%
National Financial Services LLC 200 Liberty Street New York, NY 10281	5.23%

POWERSHARES LUX NANOTECH PORTFOLIO

<u>Name & Address</u>	<u>% Owned</u>
Brown Brothers Harriman & Co. 525 Washington Ave Jersey City, NJ 07302	14.35%
National Financial Services LLC 200 Liberty Street New York, NY 10281	9.61%
Goldman Sachs Execution & Clearing, L.P. 30 Hudson Street Jersey City, NJ 07302	8.02%
JPMorgan Chase Bank, National Association 1111 Polaris Pky Columbus, OH 43240	7.08%
Charles Schwab & Co., Inc. 211 Main Street San Francisco, CA 94105	6.78%
Goldman, Sachs & Co. 30 Hudson Street Jersey City, NJ 07302	5.50%

POWERSHARES MORNINGSTAR® STOCKINVESTORSM CORE PORTFOLIO

<u>Name & Address</u>	<u>% Owned</u>
National Financial Services LLC 200 Liberty Street New York, NY 10281	18.06%
Charles Schwab & Co., Inc. 211 Main Street San Francisco, CA 94105	15.50%
First Clearing, LLC 901 E. Byrd Street Richmond, VA 23219	13.39%
Goldman, Sachs & Co. 30 Hudson Street Jersey City, NJ 07302	11.80%
Pershing LLC 1 Pershing Plaza Jersey City, NJ 07399	5.44%

POWERSHARES S&P 500® HIGH QUALITY PORTFOLIO

<u>Name & Address</u>	<u>% Owned</u>
Pershing LLC 1 Pershing Plaza Jersey City, NJ 07399	32.67%
First Clearing, LLC 901 E. Byrd Street Richmond, VA 23219	8.64%
Merrill Lynch Professional 4 Corporate Place Piscataway, NJ 08854	6.19%
Charles Schwab & Co., Inc. 211 Main Street San Francisco, CA 94105	5.88%
UBS Financial Services LLC 1200 Harbor Blvd. Weehawken, NJ 07086	5.82%
National Financial Services LLC 200 Liberty Street New York, NY 10281	5.40%

POWERSHARES WATER RESOURCES PORTFOLIO

<u>Name & Address</u>	<u>% Owned</u>
National Financial Services LLC 200 Liberty Street New York, NY 10281	10.38%
Charles Schwab & Co., Inc. 211 Main Street San Francisco, CA 94105	10.07%
Bank of America, National Association 100 North Tryon Street Charlotte, NC 28255	8.14%

<u>Name & Address</u>	<u>% Owned</u>
Merrill Lynch Professional 4 Corporate Place Piscataway, NJ 08854	6.93%
Pershing LLC 1 Pershing Plaza Jersey City, NJ 07399	6.74%
Brown Brothers Harriman & Co. 525 Washington Ave Jersey City, NJ 07302	6.51%
Citigroup Global Markets Inc. 333 W. 34th Street New York, NY 10001	5.12%

POWERSHARES WILDERHILL CLEAN ENERGY PORTFOLIO

<u>Name & Address</u>	<u>% Owned</u>
Charles Schwab & Co., Inc. 211 Main Street San Francisco, CA 94105	11.26%
National Financial Services LLC 200 Liberty Street New York, NY 10281	9.90%
Citibank, N.A. 333 W. 34th Street New York, NY 10001	6.71%
Merrill Lynch Professional 4 Corporate Place Piscataway, NJ 08854	6.27%

POWERSHARES WILDERHILL PROGRESSIVE ENERGY PORTFOLIO

<u>Name & Address</u>	<u>% Owned</u>
National Financial Services LLC 200 Liberty Street New York, NY 10281	14.62%
Charles Schwab & Co., Inc. 211 Main Street San Francisco, CA 94105	14.24%
Merrill Lynch Professional 4 Corporate Place Piscataway, NJ 08854	9.13%
Citigroup Global Markets Inc. 333 W. 34th Street New York, NY 10001	8.66%
First Clearing, LLC 901 E. Byrd Street Richmond, VA 23219	7.12%
American Enterprise Investment Services Inc. 2178 AXP Financial Center Minneapolis, MN 55474	5.28%

POWERSHARES ZACKS MICRO CAP PORTFOLIO

<u>Name & Address</u>	<u>% Owned</u>
Ameritrade, Inc. 4211 South 102nd Street Omaha, NE 68127	20.12%
National Financial Services LLC 200 Liberty Street New York, NY 10281	8.75%
Charles Schwab & Co., Inc. 211 Main Street San Francisco, CA 94105	7.75%
Pershing LLC 1 Pershing Plaza Jersey City, NJ 07399	7.67%
First Clearing, LLC 901 E. Byrd Street Richmond, VA 23219	6.31%
Citigroup Global Markets Inc. 333 W. 34th Street New York, NY 10001	5.92%
Merrill Lynch Professional 4 Corporate Place Piscataway, NJ 08854	5.91%
Raymond, James & Associates, Inc. 880 Carilion Parkway St. Petersburg, FL 33716	5.91%

POWERSHARES ZACKS SMALL CAP PORTFOLIO

<u>Name & Address</u>	<u>% Owned</u>
Goldman, Sachs & Co. 30 Hudson Street Jersey City, NJ 07302	11.82%
First Clearing, LLC 901 E. Byrd Street Richmond, VA 23219	8.28%
National Financial Services LLC 200 Liberty Street New York, NY 10281	7.50%
Merrill Lynch Professional 4 Corporate Place Piscataway, NJ 08854	6.88%
Brown Brothers Harriman & Co. 525 Washington Ave Jersey City, NJ 07302	6.46%
Charles Schwab & Co., Inc. 211 Main Street San Francisco, CA 94105	6.40%
RBC Dain Rauscher Inc. 60 S Sixth St. Minneapolis, MN 55402	5.75%
UBS Financial Services LLC 1200 Harbor Blvd. Weehawken, NJ 07086	5.60%

Book Entry Only System. The following information supplements and should be read in conjunction with the section in the Prospectus entitled “Book Entry.”

DTC Acts as Securities Depository for Fund Shares. Shares of the Funds are represented by securities registered in the name of DTC or its nominee and deposited with, or on behalf of, DTC.

DTC, a limited-purpose trust company, was created to hold securities of its participants (the “DTC Participants”) and to facilitate the clearance and settlement of securities transactions among the DTC Participants in such securities through electronic book-entry changes in accounts of the DTC Participants, thereby eliminating the need for physical movement of securities certificates. DTC Participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations, some of whom (and/or their representatives) own DTC. More specifically, DTC is owned by a number of its DTC Participants and by the New York Stock Exchange, Inc. (“NYSE”) and FINRA. Access to the DTC system is also available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a DTC Participant, either directly or indirectly (the “Indirect Participants”).

Beneficial ownership of Shares is limited to DTC Participants, Indirect Participants and persons holding interests through DTC Participants and Indirect Participants. Ownership of beneficial interests in Shares (owners of such beneficial interests are referred to herein as “Beneficial Owners”) is shown on, and the transfer of ownership is effected only through, records maintained by DTC (with respect to DTC Participants) and on the records of DTC Participants (with respect to Indirect Participants and Beneficial Owners that are not DTC Participants). Beneficial Owners will receive from or through the DTC Participant a written confirmation relating to their purchase and sale of Shares.

Conveyance of all notices, statements and other communications to Beneficial Owners is effected as follows. Pursuant to the Depository Agreement between the Trust and DTC, DTC is required to make available to the Trust upon request and for a fee to be charged to the Trust a listing of the Shares of the Funds held by each DTC Participant. The Trust shall inquire of each such DTC Participant as to the number of Beneficial Owners holding Shares, directly or indirectly, through such DTC Participant. The Trust shall provide each such DTC Participant with copies of such notice, statement or other communication, in such form, number and at such place as such DTC Participant may reasonably request, in order that such notice, statement or communication may be transmitted by such DTC Participant, directly or indirectly, to such Beneficial Owners. In addition, the Trust shall pay to each such DTC Participant a fair and reasonable amount as reimbursement for the expenses attendant to such transmittal, all subject to applicable statutory and regulatory requirements.

Fund distributions shall be made to DTC or its nominee, Cede & Co., as the registered holder of all Fund Shares. DTC or its nominee, upon receipt of any such distributions, shall immediately credit DTC Participants’ accounts with payments in amounts proportionate to their respective beneficial interests in Shares of the Fund as shown on the records of DTC or its nominee. Payments by DTC Participants to Indirect Participants and Beneficial Owners of Shares held through such DTC Participants will be governed by standing instructions and customary practices, as is now the case with securities held for the accounts of customers in bearer form or registered in a “street name,” and will be the responsibility of such DTC Participants.

The Trust has no responsibility or liability for any aspect of the records relating to or notices to Beneficial Owners, or payments made on account of beneficial ownership interests in such Shares, or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests, or for any other aspect of the relationship between DTC and the DTC Participants or the relationship between such DTC Participants and the Indirect Participants and Beneficial Owners owning through such DTC Participants.

DTC may decide to discontinue providing its service with respect to Shares at any time by giving reasonable notice to the Trust and discharging its responsibilities with respect thereto under applicable law. Under such circumstances, the Trust shall take action to find a replacement for DTC to perform its functions at a comparable cost.

Proxy Voting. The Board of Trustees of the Trust has delegated responsibility for decisions regarding proxy voting for securities held by each Fund to the Adviser. The Adviser will vote such proxies in accordance with its proxy policies and procedures, which are summarized in Appendix A to this SAI. The Board of Trustees will periodically review each Fund’s proxy voting record.

The Trust is required to disclose annually the Funds' complete proxy voting record on Form N-PX covering the period July 1 through June 30 and file it with the SEC no later than August 31. Form N-PX for the Funds also is available at no charge, upon request, by calling 800.983.0903 or by writing to PowerShares Exchange-Traded Fund Trust at 301 West Roosevelt Road, Wheaton, Illinois 60187 or on the SEC's website at www.sec.gov.

Quarterly Portfolio Schedule. The Trust is required to disclose, after its first and third fiscal quarters, the complete schedule of each Fund's portfolio holdings with the SEC on Form N-Q. The Trust also discloses a complete schedule of each Fund's portfolio holdings with the SEC on Form N-CSR after its second and fourth quarters. Form N-Q for the Funds is available on the SEC's website at <http://www.sec.gov>. The Funds' Form N-Q may also be reviewed and copied at the SEC's Public Reference Room in Washington, D.C., and information on the operation of the Public Reference Room may be obtained by calling 202.942.8090. The Funds' Form N-Q and Form N-CSR are available without charge, upon request, by calling 630.933.9600 or 800.983.0903 or by writing to PowerShares Exchange-Traded Fund Trust at 301 West Roosevelt Road, Wheaton, Illinois 60187.

Portfolio Holdings Policy. The Trust has adopted a policy regarding the disclosure of information about the Trust's portfolio holdings. The Board of Trustees of the Trust must approve all material amendments to this policy. The Funds' portfolio holdings are publicly disseminated each day the Funds are open for business through financial reporting and news services, including publicly accessible Internet web sites. In addition, a basket composition file, which includes the security names and share quantities to deliver in exchange for Fund shares, together with estimates and actual cash components, is publicly disseminated daily prior to the opening of the Exchanges via the National Securities Clearing Corporation ("NSCC"). The basket represents one Creation Unit of each Fund. The Trust, the Adviser and BNYM will not disseminate non-public information concerning the Trust.

Codes of Ethics. Pursuant to Rule 17j-1 under the 1940 Act, the Board of Trustees has adopted a Code of Ethics for the Trust and approved Codes of Ethics adopted by the Adviser and the Distributor (collectively the "Codes"). The Codes are intended to ensure that the interests of Shareholders and other clients are placed ahead of any personal interest, that no undue personal benefit is obtained from the person's employment activities and that actual and potential conflicts of interest are avoided.

The Codes apply to the personal investing activities of Trustees and officers of the Trust, the Adviser and the Distributor ("Access Persons"). Rule 17j-1 and the Codes are designed to prevent unlawful practices in connection with the purchase or sale of securities by Access Persons. Under the Codes, Access Persons are permitted to engage in personal securities transactions, but are required to report their personal securities transactions for monitoring purposes. The Codes permit personnel subject to the Codes to invest in securities subject to certain limitations, including securities that may be purchased or held by a Fund. In addition, certain Access Persons are required to obtain approval before investing in initial public offerings or private placements. The Codes are on file with the SEC and are available to the public.

CREATION AND REDEMPTION OF CREATION UNIT AGGREGATIONS

Creation. The Trust issues and sells Shares of each Fund only in Creation Unit Aggregations on a continuous basis through the Distributor, without a sales load, at their NAVs next determined after receipt, on any Business Day (as defined below), of an order in proper form.

A "Business Day" is any day on which the NYSE is open for business. As of the date of this SAI, the NYSE observes the following holidays: New Year's Day, Martin Luther King, Jr. Day, Washington's Birthday, Good Friday, Memorial Day, Independence Day, Labor Day, Thanksgiving Day and Christmas Day.

Deposit of Securities and Deposit or Delivery of Cash. The consideration for purchase of Creation Unit Aggregations of a Fund generally consists of the in-kind deposit of a designated portfolio of securities (the "Deposit Securities") per each Creation Unit Aggregation constituting a substantial replication of the securities included in the Underlying Index or Underlying Intellidex ("Fund Securities") and an amount of cash (the "Cash Component") computed as described below. Together, the Deposit Securities and the Cash Component constitute the "Fund Deposit," which represents the minimum initial and subsequent investment amount for a Creation Unit Aggregation of a Fund.

The Cash Component is sometimes also referred to as the Balancing Amount. The Cash Component serves the function of compensating for any differences between the NAV per Creation Unit Aggregation and the Deposit Amount (as defined below). The Cash Component is an amount equal to the difference between the NAV of the Fund Shares (per Creation Unit Aggregation) and the “Deposit Amount”—an amount equal to the market value of the Deposit Securities. If the Cash Component is a positive number (i.e., the NAV per Creation Unit Aggregation exceeds the Deposit Amount), the creator will deliver the Cash Component. If the Cash Component is a negative number (i.e., the NAV per Creation Unit Aggregation is less than the Deposit Amount), the creator will receive the Cash Component.

The Custodian, through the NSCC, makes available on each Business Day, prior to the opening of business on the Exchange on which such Fund is listed (currently 9:30 a.m., Eastern time), the list of the names and the required number of shares of each Deposit Security to be included in the current Fund Deposit (based on information at the end of the previous Business Day) for each Fund.

Such Fund Deposit is applicable, subject to any adjustments as described below, in order to effect creations of Creation Unit Aggregations of the Fund until such time as the next-announced composition of the Deposit Securities is made available.

The identity and number of shares of the Deposit Securities required for a Fund Deposit for a Fund changes as rebalancing adjustments and corporate action events are reflected within the Fund from time to time by the Adviser with a view to the investment objective of the Fund. The composition of the Deposit Securities may also change in response to adjustments to the weighting or composition of the securities of the Underlying Index or Underlying Intellidex. In addition, the Trust reserves the right to permit or require the substitution of an amount of cash—i.e., a “cash in lieu” amount—to be added to the Cash Component to replace any Deposit Security that may not be available in sufficient quantity for delivery or that may not be eligible for transfer through the systems of DTC or the Clearing Process (discussed below), or which might not be eligible for trading by an AP (as defined below) or the investor for which it is acting or other relevant reason. Brokerage commissions incurred in connection with the acquisition of Deposit Securities not eligible for transfer through the systems of DTC and hence not eligible for transfer through the Clearing Process (discussed below) will be at the expense of the Fund and will affect the value of all Shares; but the Adviser, subject to the approval of the Board of Trustees, may adjust the transaction fee within the parameters described above to protect ongoing Shareholders. The adjustments described above will reflect changes known to the Adviser on the date of announcement to be in effect by the time of delivery of the Fund Deposit, in the composition of the Underlying Index, the Underlying Intellidex or resulting from certain corporate actions.

In addition to the list of names and numbers of securities constituting the current Deposit Securities of a Fund Deposit, the Custodian, through the NSCC, also makes available on each Business Day, the estimated Cash Component, effective through and including the previous Business Day, per outstanding Creation Unit Aggregation of the Fund.

Procedures for Creation of Creation Unit Aggregations. To be eligible to place orders with the Distributor and to create a Creation Unit Aggregation of a Fund, an entity must be (i) a “Participating Party,” i.e., a broker-dealer or other participant in the clearing process through the Continuous Net Settlement System of the NSCC (the “Clearing Process”), a clearing agency that is registered with the SEC; or (ii) a DTC Participant (see the Book Entry Only System section), and, in each case, must have executed an agreement with the Distributor, with respect to creations and redemptions of Creation Unit Aggregations (“Participant Agreement”) (discussed below). A Participating Party and DTC Participant are collectively referred to as an “AP.” Investors should contact the Distributor for the names of APs that have signed a Participant Agreement. All Fund Shares, however created, will be entered on the records of DTC in the name of Cede & Co. for the account of a DTC Participant.

All orders to create Creation Unit Aggregations must be received by the Distributor no later than the closing time of the regular trading session on the NYSE, as applicable (“Closing Time”) (ordinarily 4:00 p.m., Eastern time) in each case on the date such order is placed in order for creation of Creation Unit Aggregations to be effected based on the NAV of Shares of a Fund as next determined on such date after receipt of the order in proper form. In the case of custom orders, the order must be received by the Distributor no later than 3:00 p.m.,

Eastern time on the trade date. With respect to in-kind creations, a custom order may be placed by an AP where cash replaces any Deposit Security which may not be available in sufficient quantity for delivery or which may not be eligible for trading by such AP or the investor for which it is acting or other relevant reason. The date on which an order to create Creation Unit Aggregations (or an order to redeem Creation Unit Aggregations, as discussed below) is placed is referred to as the “Transmittal Date.” Orders must be transmitted by an AP by telephone or other transmission method acceptable to the Distributor pursuant to procedures set forth in the Participant Agreement, as described below (see the “Placement of Creation Orders Using Clearing Process” and the “Placement of Creation Orders Outside Clearing Process” sections). Severe economic or market disruptions or changes, or telephone or other communication failure may impede the ability to reach the Distributor or an AP.

All orders from investors who are not APs to create Creation Unit Aggregations shall be placed with an AP, as applicable, in the form required by such AP. In addition, the AP may request the investor to make certain representations or enter into agreements with respect to the order, e.g., to provide for payments of cash, when required. Investors should be aware that their particular broker may not have executed a Participant Agreement and that, therefore, orders to create Creation Unit Aggregations of a Fund have to be placed by the investor’s broker through an AP that has executed a Participant Agreement. In such cases there may be additional charges to such investor. At any given time, there may be only a limited number of broker-dealers that have executed a Participant Agreement. Those placing orders for Creation Unit Aggregations through the Clearing Process should afford sufficient time to permit proper submission of the order to the Distributor prior to the Closing Time on the Transmittal Date. Orders for Creation Unit Aggregations that are effected outside the Clearing Process are likely to require transmittal by the DTC Participant earlier on the Transmittal Date than orders effected using the Clearing Process. Those persons placing orders outside the Clearing Process should ascertain the deadlines applicable to DTC and the Federal Reserve Bank wire system by contacting the operations department of the broker or depository institution effectuating such transfer of Deposit Securities and Cash Component.

For domestic securities, orders to create Creation Units of the Funds may be placed through the Clearing Process utilizing procedures applicable to domestic funds (“Domestic Funds”) (see “—Placement of Creation Orders Using Clearing Process”) or outside the Clearing Process utilizing the procedures applicable to domestic funds. For foreign securities orders, most will be placed outside of the clearing process utilizing the procedures applicable for foreign funds (see “—Placement of Creation Orders Outside Clearing Process—Domestic Funds” and “—Placement of Creation Orders Outside Clearing Process—Foreign Funds”).

Placement of Creation Orders Using Clearing Process. The Clearing Process is the process of creating or redeeming Creation Unit Aggregations through the Continuous Net Settlement System of the NSCC. Fund Deposits made through the Clearing Process must be delivered through a Participating Party that has executed a Participant Agreement. The Participant Agreement authorizes the Distributor to transmit through the Custodian to NSCC, on behalf of the Participating Party, such trade instructions as are necessary to effect the Participating Party’s creation order. Pursuant to such trade instructions to NSCC, the Participating Party agrees to deliver the requisite Deposit Securities and the Cash Component to the Trust, together with such additional information as may be required by the Distributor. An order to create Creation Unit Aggregations through the Clearing Process is deemed received by the Distributor on the Transmittal Date if (i) such order is received by the Distributor not later than the Closing Time on such Transmittal Date and (ii) all other procedures set forth in the Participant Agreement are properly followed.

Placement of Creation Orders Outside Clearing Process—Domestic Funds. Fund Deposits made outside the Clearing Process must be delivered through a DTC Participant that has executed a Participant Agreement pre-approved by the Adviser and the Distributor. A DTC Participant who wishes to place an order creating Creation Unit Aggregations to be effected outside the Clearing Process does not need to be a Participating Party, but such orders must state that the DTC Participant is not using the Clearing Process and that the creation of Creation Unit Aggregations will instead be effected through a transfer of securities and cash directly through DTC. The Fund Deposit transfer must be ordered by the DTC Participant on the Transmittal Date in a timely fashion so as to ensure the delivery of the requisite number of Deposit Securities through DTC to the account of a Fund by no later than 11:00 a.m., Eastern time, of the next Business Day immediately following the Transmittal Date.

All questions as to the number of Deposit Securities to be delivered, and the validity, form and eligibility (including time of receipt) for the deposit of any tendered securities, will be determined by the Trust, whose determination shall be final and binding. The amount of cash equal to the Cash Component must be transferred directly to the Custodian through the Federal Reserve Bank wire transfer system in a timely manner so as to be received by the Custodian no later than 2:00 p.m., Eastern time, on the next Business Day immediately following such Transmittal Date. An order to create Creation Unit Aggregations outside the Clearing Process is deemed received by the Distributor on the Transmittal Date if (i) such order is received by the Distributor no later than the Closing Time on such Transmittal Date; and (ii) all other procedures set forth in the Participant Agreement are properly followed. However, if the Custodian does not receive both the required Deposit Securities and the Cash Component by 11:00 a.m. and 2:00 p.m., Eastern time, respectively, on the next Business Day immediately following the Transmittal Date, such order will be canceled. Upon written notice to the Distributor, such canceled order may be resubmitted the following Business Day using a Fund Deposit as newly constituted to reflect the then current Deposit Securities and Cash Component. The delivery of Creation Unit Aggregations so created will occur no later than the third (3rd) Business Day following the day on which the purchase order is deemed received by the Distributor.

Additional transaction fees may be imposed with respect to transactions effected outside the Clearing Process (through a DTC participant) and in the limited circumstances in which any cash can be used in lieu of Deposit Securities to create Creation Units. (See “Creation Transaction Fee” section below.)

Placement of Creation Orders Outside Clearing Process—Foreign Funds. A standard creation order must be placed by 4:00 p.m., Eastern time, for purchases of Shares. In the case of custom orders, the order must be received by the Distributor no later than 3:00 p.m., Eastern time. The Distributor will inform the Transfer Agent, the Adviser and the Custodian upon receipt of a creation order. The Custodian will then provide such information to the appropriate sub-custodian.

With respect to PowerShares Cleantech™ Portfolio, the Custodian shall cause the sub-custodian for the Fund to maintain an account into which the AP shall deliver, on behalf of itself or the party on whose behalf it is acting, the securities included in the Fund Deposit (or the cash value of all or part of such of such securities, in the case of a permitted or required cash purchase or “cash in lieu” amount), with any appropriate adjustments as advised by the Trust. Deposit Securities must be delivered to an account maintained at the applicable local sub-custodian(s). Orders to purchase Creation Unit Aggregations must be received by the Distributor from an AP on its behalf or another investor’s behalf by the closing time of the regular trading session on the applicable Exchange on the relevant Business Day. However, when a relevant local market is closed due to local market holidays, the local market settlement process will not commence until the end of the local holiday period. Settlement must occur by 2:00 p.m., Eastern time, on the contractual settlement date.

The AP must also make available no later than 2:00 p.m., Eastern time, on the contractual settlement date, by means approved by the Trust, immediately available or same day funds sufficient to the Trust to pay the Cash Component next determined after acceptance of the purchase order, together with the applicable purchase transaction fee. Any excess funds will be returned following settlement of the issue of the Creation Unit Aggregation.

In accordance with PowerShares Cleantech™ Portfolio’s Participant Agreement, Creation Unit Aggregations will be issued to an AP, notwithstanding the fact that the corresponding Fund Deposits have not been received in part or in whole, in reliance on the undertaking of the AP to deliver the missing Deposit Securities as soon as possible, which undertaking shall be secured by the AP’s delivery and maintenance of collateral consisting of cash in the form of U.S. dollars in immediately available funds having a value (marked-to-market daily) at least equal to 115%, which the Investment Adviser may change from time to time of the value of the missing Deposit Securities. Such cash collateral must be delivered no later than 2:00 p.m., Eastern time, on the contractual settlement date. The Participant Agreement will allow the Fund to purchase the missing Deposit Securities at any time and will subject the AP to liability for any shortfall between the cost to the Trust of purchasing such securities and the value of the collateral.

Acceptance of Orders for Creation Unit Aggregations. The Trust reserves the absolute right to reject a creation order transmitted to it by the Distributor in respect of a Fund if: (i) the order is not in proper form; (ii) the investor(s), upon obtaining the Fund Shares ordered, would own 80% or more of the currently outstanding shares of any Fund; (iii) the Deposit Securities delivered are not as disseminated for that date by the Custodian, as described above; (iv) acceptance of the Deposit Securities would have certain adverse tax consequences to the Fund; (v) acceptance of the Fund Deposit would, in the opinion of counsel, be unlawful; (vi) acceptance of the Fund Deposit would otherwise, in the discretion of the Trust or the Adviser, have an adverse effect on the Trust or the rights of beneficial owners; or (vii) in the event that circumstances outside the control of the Trust, the Custodian, the Distributor and the Adviser make it for all practical purposes impossible to process creation orders. Examples of such circumstances include acts of God; public service or utility problems such as fires, floods, extreme weather conditions and power outages resulting in telephone, telecopy and computer failures; market conditions or activities causing trading halts; systems failures involving computer or other information systems affecting the Trust, the Adviser, the Distributor, DTC, NSCC, the Custodian or sub-custodian or any other participant in the creation process, and similar extraordinary events. The Distributor shall notify a prospective creator of a Creation Unit and/or the AP acting on behalf of such prospective creator of its rejection of the order of such person. The Trust, the Custodian, any sub-custodian and the Distributor are under no duty, however, to give notification of any defects or irregularities in the delivery of Fund Deposits nor shall any of them incur any liability for the failure to give any such notification.

All questions as to the number of shares of each security in the Deposit Securities and the validity, form, eligibility, and acceptance for deposit of any securities to be delivered shall be determined by the Trust, and the Trust's determination shall be final and binding.

Creation Transaction Fee. Investors will be required to pay a fixed creation transaction fee, described below, payable to BNYM regardless of the number of creations made each day. An additional charge of up to four times the fixed transaction fee (expressed as a percentage of the value of the Deposit Securities) may be imposed for (i) creations effected outside the Clearing Process; and (ii) cash creations (to offset the Trust's brokerage and other transaction costs associated with using cash to purchase the requisite Deposit Securities). Investors are responsible for the costs of transferring the securities constituting the Deposit Securities to the account of the Trust.

The standard Creation Transaction Fee and the maximum Creation Transaction Fee for each Fund are set forth in the chart below.

<u>Fund</u>	<u>Standard Creation Transaction Fee</u>	<u>Maximum Creation Transaction Fee</u>
PowerShares Aerospace & Defense Portfolio	\$500	\$2,000
PowerShares Buyback Achievers™ Portfolio	\$1,000	\$4,000
PowerShares Cleantech™ Portfolio	\$1,000	\$4,000
PowerShares Dividend Achievers™ Portfolio	\$1,600	\$6,400
PowerShares DWA Technical Leaders™ Portfolio	\$500	\$2,000
PowerShares Dynamic Banking Portfolio	\$500	\$2,000
PowerShares Dynamic Basic Materials Sector Portfolio	\$500	\$2,000
PowerShares Dynamic Biotechnology & Genome Portfolio	\$500	\$2,000
PowerShares Dynamic Building & Construction Portfolio	\$500	\$2,000
PowerShares Dynamic Consumer Discretionary Sector Portfolio	\$500	\$2,000
PowerShares Dynamic Consumer Staples Sector Portfolio	\$500	\$2,000
PowerShares Dynamic Energy Exploration & Production Portfolio	\$500	\$2,000
PowerShares Dynamic Energy Sector Portfolio	\$500	\$2,000
PowerShares Dynamic Financial Sector Portfolio	\$500	\$2,000
PowerShares Dynamic Food & Beverage Portfolio	\$500	\$2,000
PowerShares Dynamic Healthcare Sector Portfolio	\$500	\$2,000
PowerShares Dynamic Healthcare Services Portfolio	\$500	\$2,000
PowerShares Dynamic Industrials Sector Portfolio	\$500	\$2,000

<u>Fund</u>	<u>Standard Creation Transaction Fee</u>	<u>Maximum Creation Transaction Fee</u>
PowerShares Dynamic Insurance Portfolio	\$500	\$2,000
PowerShares Dynamic Large Cap Growth Portfolio	\$500	\$2,000
PowerShares Dynamic Large Cap Portfolio	\$500	\$2,000
PowerShares Dynamic Large Cap Value Portfolio	\$500	\$2,000
PowerShares Dynamic Leisure and Entertainment Portfolio	\$500	\$2,000
PowerShares Dynamic MagniQuant Portfolio	\$1,000	\$4,000
PowerShares Dynamic Market Portfolio	\$500	\$2,000
PowerShares Dynamic Media Portfolio	\$500	\$2,000
PowerShares Dynamic Mid Cap Growth Portfolio	\$500	\$2,000
PowerShares Dynamic Mid Cap Portfolio	\$1,000	\$4,000
PowerShares Dynamic Mid Cap Value Portfolio	\$500	\$2,000
PowerShares Dynamic Networking Portfolio	\$500	\$2,000
PowerShares Dynamic Oil & Gas Services Portfolio	\$500	\$2,000
PowerShares Dynamic OTC Portfolio	\$500	\$2,000
PowerShares Dynamic Pharmaceuticals Portfolio	\$500	\$2,000
PowerShares Dynamic Retail Portfolio	\$500	\$2,000
PowerShares Dynamic Semiconductors Portfolio	\$500	\$2,000
PowerShares Dynamic Small Cap Growth Portfolio	\$500	\$2,000
PowerShares Dynamic Small Cap Portfolio	\$1,000	\$4,000
PowerShares Dynamic Small Cap Value Portfolio	\$500	\$2,000
PowerShares Dynamic Software Portfolio	\$500	\$2,000
PowerShares Dynamic Technology Sector Portfolio	\$500	\$2,000
PowerShares Dynamic Telecommunications & Wireless Portfolio	\$500	\$2,000
PowerShares Dynamic Utilities Portfolio	\$500	\$2,000
PowerShares Financial Preferred Portfolio	\$500	\$2,000
PowerShares FTSE RAFI US 1000 Portfolio	\$5,000	\$20,000
PowerShares FTSE RAFI US 1500 Small-Mid Portfolio	\$7,500	\$30,000
PowerShares Global Listed Private Equity Portfolio	\$500	\$2,000
PowerShares Golden Dragon Halter USX China Portfolio	\$500	\$2,000
PowerShares High Yield Equity Dividend Achievers™ Portfolio	\$500	\$2,000
PowerShares International Dividend Achievers™ Portfolio	\$500	\$2,000
PowerShares Lux Nanotech Portfolio	\$500	\$2,000
PowerShares Morningstar® StockInvestor™ Core Portfolio	\$500	\$2,000
PowerShares S&P 500® High Quality Portfolio	\$500	\$2,000
PowerShares Water Resources Portfolio	\$500	\$2,000
PowerShares WilderHill Clean Energy Portfolio	\$500	\$2,000
PowerShares WilderHill Progressive Energy Portfolio	\$500	\$2,000
PowerShares Zacks Micro Cap Portfolio	\$2,000	\$8,000
PowerShares Zacks Small Cap Portfolio	\$1,250	\$5,000

Redemption of Fund Shares in Creation Units Aggregations. Fund Shares may be redeemed only in Creation Unit Aggregations at their NAV next determined after receipt of a redemption request in proper form by a Fund through the Custodian and only on a Business Day. A Fund will not redeem Shares in amounts less than Creation Unit Aggregations. Beneficial owners must accumulate enough Shares in the secondary market to constitute a Creation Unit Aggregation in order to have such Shares redeemed by the Trust. There can be no assurance, however, that there will be sufficient liquidity in the public trading market at any time to permit assembly of a Creation Unit Aggregation. Investors should expect to incur brokerage and other costs in connection with assembling a sufficient number of Fund Shares to constitute a redeemable Creation Unit Aggregation.

With respect to a Fund, the Custodian, through the NSCC, makes available prior to the opening of business on the relevant Exchange (currently 9:30 a.m., Eastern time) on each Business Day, the identity of the Fund Securities that will be applicable (subject to possible amendment or correction) to redemption requests received in proper form (as described below) on that day. Fund Securities received on redemption may not be identical to Deposit Securities that are applicable to creations of Creation Unit Aggregations.

Unless cash redemptions are available or specified for a Fund, the redemption proceeds for a Creation Unit Aggregation generally consist of Fund Securities—as announced on the Business Day of the request for redemption received in proper form—plus or minus cash in an amount equal to the difference between the NAV of the Fund Shares being redeemed, as next determined after a receipt of a request in proper form, and the value of the Fund Securities (the “Cash Redemption Amount”), less a redemption transaction fee as listed below. In the event that the Fund Securities have a value greater than the NAV of the Fund Shares, a compensating cash payment equal to the difference is required to be made by or through an AP by the redeeming Shareholder.

The right of redemption may be suspended or the date of payment postponed (i) for any period during which the NYSE is closed (other than customary weekend and holiday closings); (ii) for any period during which trading on the NYSE is suspended or restricted; (iii) for any period during which an emergency exists as a result of which disposal of the Shares of the Fund or determination of a Fund’s NAV is not reasonably practicable; or (iv) in such other circumstances as is permitted by the SEC.

Redemption Transaction Fee. A redemption transaction fee is imposed to offset transfer and other transaction costs that may be incurred by a Fund. An additional variable charge for cash redemptions (when cash redemptions are available or specified) for a Fund may be imposed. Investors will also bear the costs of transferring the Fund Securities from the Trust to their account or on their order. Investors who use the services of a broker or other such intermediary in addition to an AP to effect a redemption of a Creation Unit Aggregation may be charged an additional fee of up to four times the fixed transaction fee for such services. The redemption transaction fees for a Fund are the same as the creation fees set forth above.

Placement of Redemption Orders Using Clearing Process. Orders to redeem Creation Unit Aggregations must be delivered through an AP that has executed a Participant Agreement. Investors other than APs are responsible for making arrangements for an order to redeem to be made through an AP. An order to redeem Creation Unit Aggregations is deemed received by the Trust on the Transmittal Date if: (i) such order is received by the Custodian not later than the Closing Time on such Transmittal Date; and (ii) all other procedures set forth in the Participant Agreement are properly followed.

An order to redeem Creation Unit Aggregations using the Clearing Process made in proper form but received by the Trust after 4:00 p.m., Eastern time, will be deemed received on the next Business Day immediately following the Transmittal Date and will be effected at the NAV next determined on such next Business Day. The requisite Fund Securities and the Cash Redemption Amount will be transferred by the third NSCC Business Day following the date on which such request for redemption is deemed received.

Placement of Redemption Orders Outside Clearing Process—Domestic Funds. Orders to redeem Creation Unit Aggregations outside the Clearing Process must be delivered through a DTC Participant that has executed the Participant Agreement. A DTC Participant who wishes to place an order for redemption of Creation Unit Aggregations to be effected outside the Clearing Process does not need to be a Participating Party, but such orders must state that the DTC Participant is not using the Clearing Process and that redemption of Creation Unit Aggregations will instead be effected through transfer of Fund Shares directly through DTC. An order to redeem Creation Unit Aggregations outside the Clearing Process is deemed received by the Trust on the Transmittal Date if (i) such order is received by the Transfer Agent not later than 4:00 p.m., Eastern time on such Transmittal Date; (ii) such order is accompanied or followed by the requisite number of Shares of the Fund, which delivery must be made through DTC to the Custodian no later than 11:00 a.m., Eastern time (for the Fund Shares), on the next Business Day immediately following such Transmittal Date (the “DTC Cut-Off-Time”) and 2:00 p.m., Eastern time for any Cash Component, if any owed to a Fund; and (iii) all other procedures set forth in the Participant Agreement are properly followed. After the Trust has deemed an order for redemption outside the Clearing Process received, the Trust will initiate procedures to transfer the requisite Fund Securities which are expected to

be delivered within three Business Days and the Cash Redemption Amount, if any owed to the redeeming Beneficial Owner to the AP on behalf of the redeeming Beneficial Owner by the third Business Day following the Transmittal Date on which such redemption order is deemed received by the Trust.

Placement of Redemption Orders Outside Clearing Process—Foreign Funds. A standard order for redemption must be received by 4:00 p.m., Eastern time, for redemptions of Shares. In the case of custom redemptions, the order must be received by the Distributor no later than 3:00 p.m., Eastern time. Arrangements satisfactory to the Trust must be in place for the Participating Party to transfer the Creation Units through DTC on or before the settlement date. Redemptions of Shares for Fund Securities will be subject to compliance with applicable U.S. federal and state securities laws and PowerShares Cleantech™ Portfolio (whether or not it otherwise permits cash redemptions) reserves the right to redeem Creation Units for cash to the extent that the Fund could not lawfully deliver specific Fund Securities upon redemptions or could not do so without first registering the Deposit Securities under such laws.

The delivery of Fund Securities to redeeming investors generally will be made within three Business Days. However, due to the schedule of holidays in certain countries, the delivery of in-kind redemption proceeds may take longer than three Business Days after the day on which the redemption request is received in proper form. In such cases, the local market settlement procedures will not commence until the end of the local holiday periods. See “Regular Holidays” for a list of the local holidays in the foreign countries relevant to the Funds.

A redeeming Beneficial Owner, or AP acting on behalf of such Beneficial Owner, when taking delivery of shares of Fund Securities upon redemption of shares of the Funds must maintain appropriate security arrangements with a qualified broker-dealer, bank or other custody provider in each jurisdiction in which any of the Fund Securities are customarily traded, to which account the Fund Securities will be delivered.

In accordance with the relevant AP’s agreement, in the event that the AP has submitted a redemption request in proper form but is unable to transfer all or part of the Creation Unit Aggregation to be redeemed to the Fund’s Transfer Agent, the Distributor will nonetheless accept the redemption request in reliance on the undertaking by the AP to deliver the missing shares as soon as possible. Such undertaking shall be secured by the AP to deliver the missing shares as soon as possible. Such understanding shall be secured by the AP’s delivery and maintenance of collateral consisting of cash having a value (marked-to-market daily) at least equal to 115% of the value of the missing shares, which the Adviser may change from time to time.

The current procedures for collateralization of missing shares require, among other things, that any cash collateral shall be in the form of U.S. dollars in immediately-available funds and shall be held by the Custodian and marked-to-market daily, and that the fees of the Custodian and any relevant sub-custodians in respect of the delivery, maintenance and redelivery of the cash collateral shall be payable by the AP. The AP’s agreement will permit the Trust, on behalf of the relevant Fund, to purchase the missing shares or acquire the Deposit Securities and the Cash Component underlying such shares at any time and will subject the AP to liability for any shortfall between the cost to the Trust of purchasing such shares, Deposit Securities or Cash Component, and the value of the collateral.

The calculation of the value of the Fund Securities and the Cash Redemption Amount to be delivered/received upon redemption will be made by the Custodian according to the procedures set forth under “Determination of NAV” computed on the Business Day on which a redemption order is deemed received by the Trust. Therefore, if a redemption order in proper form is submitted to the Transfer Agent by a DTC Participant no later than Closing Time on the Transmittal Date, and the requisite number of Shares of the Fund are delivered to the Custodian prior to the DTC Cut-Off-Time, then the value of the Fund Securities and the Cash Redemption Amount to be delivered/received will be determined by the Custodian on such Transmittal Date. If, however, a redemption order is submitted to the Custodian by a DTC Participant no later than the Closing Time on the Transmittal Date, but either (i) the requisite number of Shares of the relevant Fund are not delivered by the DTC Cut-Off-Time, as described above, on the Transmittal Date, or (ii) the redemption order is not submitted in proper form, then the redemption order will not be deemed received as of the Transmittal Date. In such case, the value of the Fund Securities and the Cash Redemption Amount to be delivered/received will be computed on the Business Day that the order is deemed received by the Trust, i.e., the Business Day on which Fund Shares of the relevant

Fund are delivered through DTC to the Custodian by the DTC Cut-Off-Time on such Business Day pursuant to a properly submitted redemption order.

If it is not possible to effect deliveries of the Fund Securities, the Trust may in its discretion exercise its option to redeem such Fund Shares in cash, and the redeeming Beneficial Owner will be required to receive its redemption proceeds in cash. In addition, an investor may request a redemption in cash that a Fund may, in its sole discretion, permit. In either case, the investor will receive a cash payment equal to the NAV of its Fund Shares based on the NAV of Shares of the relevant Fund next determined after the redemption request is received in proper form (minus a redemption transaction fee and additional charge for requested cash redemptions specified above, to offset the Fund's brokerage and other transaction costs associated with the disposition of Fund Securities). A Fund may also, in its sole discretion, upon request of a Shareholder, provide such redeemer a portfolio of securities that differs from the exact composition of the Fund Securities, or cash in lieu of some securities added to the Cash Component, but in no event will the total value of the securities delivered and the cash transmitted differ from the NAV. Redemptions of Fund Shares for Fund Securities will be subject to compliance with applicable federal and state securities laws and the Fund (whether or not it otherwise permits cash redemptions) reserves the right to redeem Creation Unit Aggregations for cash to the extent that the Trust could not lawfully deliver specific Fund Securities upon redemptions or could not do so without first registering the Fund Securities under such laws. An AP or an investor for which it is acting subject to a legal restriction with respect to a particular security included in the Fund Securities applicable to the redemption of a Creation Unit Aggregation may be paid an equivalent amount of cash. The AP may request the redeeming Beneficial Owner of the Fund Shares to complete an order form or to enter into agreements with respect to such matters as compensating cash payment, beneficial ownership of shares or delivery instructions.

Regular Holidays. The PowerShares Cleantech™ Portfolio generally intends to effect deliveries of Creation Units and Portfolio Securities on a basis of "T" plus three Business Days (i.e., days on which the NYSE is open). The Fund may effect deliveries of Creation Units and Portfolio Securities on a basis other than T plus three or T plus two in order to accommodate local holiday schedules, to account for different treatment among foreign and U.S. markets of dividend record dates and ex-dividend dates or under certain other circumstances. The ability of the Trust to effect in-kind creations and redemptions within three Business Days of receipt of an order in good form is subject, among other things, to the condition that, within the time period from the date of the order to the date of delivery of the securities, there are no days that are holidays in the applicable foreign market. For every occurrence of one or more intervening holidays in the applicable foreign market that are not holidays observed in the U.S. equity market, the redemption settlement cycle will be extended by the number of such intervening holidays. In addition to holidays, other unforeseeable closings in a foreign market due to emergencies may also prevent the Trust from delivering securities within the normal settlement period.

The securities delivery cycles currently practicable for transferring portfolio securities to redeeming investors, coupled with foreign market holiday schedules, will require a delivery process longer than seven calendar days for some Funds, in certain circumstances. The holidays applicable to the Funds during such periods are listed below, as are instances where more than seven days will be needed to deliver redemption proceeds. Although certain holidays may occur on different dates in subsequent years, the number of days required to deliver redemption proceeds in any given year is not expected to exceed the maximum number of days listed below for the Funds. The proclamation of new holidays, the treatment by market participants of certain days as "informal holidays" (e.g., days on which no or limited securities transactions occur, as a result of substantially shortened trading hours), the elimination of existing holidays or changes in local securities delivery practices, could affect the information set forth herein at some time in the future.

The dates in calendar year 2010 in which the regular holidays affecting the relevant securities markets of the below listed countries are as follows:

ARGENTINA:

Jan 1	May 25	Sep 9
Mar 24	Jun 21	Oct 11
Apr 1	Jul 9	Oct 27
Apr 2	Aug 16	Dec 8

AUSTRALIA:

Jan 1	Apr 26	Nov 2
Jan 26	Jun 14	Dec 24
Mar 8	Aug 2	Dec 27
Apr 2	Sep 27	Dec 28
Apr 5	Oct 4	Dec 31

AUSTRIA:

Jan 1	May 13	Nov 1
Jan 6	May 24	Dec 8
Apr 2	Jun 3	Dec 24
Apr 5	Oct 26	Dec 31

BAHRAIN:

Jan 1	Sep 9	Dec 7
Feb 25	Nov 16	Dec 15
Feb 28	Nov 17	Dec 16
May 2	Nov 18	

BANGLADESH:

Feb 21	Jul 1	Sep 12	Nov 18
Mar 17	Jul 28	Oct 17	Dec 16
Apr 17	Aug 15	Nov 16	Dec 30
May 27	Sep 7	Nov 17	

BELGIUM:

Jan 1	May 14	Nov 11
Apr 2	May 24	
Apr 5	Jul 21	
May 13	Nov 1	

BENIN:

Jan 1	May 24
Feb 26	Nov 1
Apr 5	Nov 15
May 13	

BERMUDA:

Jan 1	Jul 29	Dec 27
Apr 2	Jul 30	Dec 28
May 24	Sep 6	
Jun 21	Nov 11	

BOTSWANA:

Jan 1	Jul 1	Oct 1
Apr 2	Jul 19	Dec 27
Apr 5	Jul 20	
May 13	Sep 30	

BRAZIL:

Jan 1	Feb 17	Sep 7	Dec 31
Jan 20	Apr 2	Oct 12	
Jan 25	Apr 21	Nov 2	
Feb 15	Jun 3	Nov 15	
Feb 16	Jul 9	Dec 24	

BULGARIA:

Jan 1	May 6	Sep 6	Dec 31
Mar 3	May 7	Sep 22	
Apr 2	May 15	Dec 11	
Apr 5	May 24	Dec 24	

BURKINA FASO:

Jan 1	May 24
Feb 26	Nov 1
Apr 5	Nov 15
May 13	

CANADA:

Jan 1	Jul 1	Nov 11
Feb 15	Aug 2	Dec 27
Apr 2	Sep 6	Dec 28
May 24	Oct 11	

CAYMAN ISLANDS:

Jan 1	Apr 5	Nov 15
Jan 25	May 17	Dec 27
Feb 17	Jun 14	Dec 28
Apr 2	Jul 5	

CHANNEL ISLANDS:

Jan 1	May 31
Apr 2	Aug 30
Apr 5	Dec 27
May 3	Dec 28

CHILE:

Jan 1	Jun 28	Dec 8
Apr 1	Jul 16	Dec 31
Apr 2	Oct 11	
May 21	Nov 1	

CHINA:

Jan 1	Apr 2	Jun 15	Sep 24	Nov 11
Jan 18	Apr 5	Jun 16	Oct 1	Nov 25
Feb 15	Apr 6	Jul 1	Oct 4	Dec 24
Feb 16	May 3	Jul 5	Oct 5	Dec 27
Feb 17	May 21	Sep 6	Oct 6	
Feb 18	May 31	Sep 22	Oct 7	
Feb 19	Jun 14	Sep 23	Oct 11	

COLUMBIA:

Jan 1	Apr 2	Jul 5	Nov 1
Jan 11	May 17	Jul 20	Nov 15
Mar 22	Jun 7	Aug 16	Dec 8
Apr 1	Jun 14	Oct 18	

COSTA RICA:

Jan 1	Oct 18
Apr 1	Dec 31
Apr 2	
Sep 15	

CROATIA:

Jan 1	Jun 3	Aug 6
Jan 6	Jun 22	Oct 8
Apr 2	Jun 25	Nov 1
Apr 5	Aug 5	

CYPRUS:

Jan 1	Apr 1	May 24
Jan 6	Apr 2	Oct 1
Feb 15	Apr 5	Oct 28
Mar 25	Apr 6	Dec 24

CZECH REPUBLIC:

Jan 1	Jun 30	Jul 6	Dec 24
Apr 5	Jul 1	Sep 28	
Jun 28	Jul 2	Oct 28	
Jun 29	Jul 5	Nov 17	

DENMARK:

Jan 1	Apr 30	Dec 24
Apr 1	May 13	Dec 31
Apr 2	May 14	
Apr 5	May 24	

ECUADOR:

Jan 1	May 14	Dec 6
Feb 15	Aug 10	
Feb 16	Nov 2	
Apr 2	Nov 3	

EGYPT:

Jan 7	Apr 25	Nov 16
Jan 25	Jul 1	Nov 17
Apr 4	Oct 6	Dec 7
Apr 5	Nov 15	

ESTONIA:

Jan 1	May 13	Dec 24
Feb 24	Jun 23	Dec 31
Apr 2	Jun 24	
Apr 5	Aug 20	

EUROMARKETS:

Jan 1

FINLAND:

Jan 1	Apr 5	Dec 24
Jan 6	May 13	Dec 31
Apr 1	Jun 25	
Apr 2	Dec 6	

FRANCE:

Jan 1	May 24
Apr 2	Jul 14
Apr 5	Nov 1
May 13	Nov 11

GERMANY:

Jan 1	May 24
Apr 2	Jun 3
Apr 5	Dec 24
May 13	Dec 31

GHANA:

Jan 1	May 3	Sep 21	Dec 28
Mar 8	May 25	Nov 29	
Apr 2	Jul 1	Dec 3	
Apr 5	Sep 20	Dec 27	

GREECE:

Jan 1	Apr 2	Dec 24
Jan 6	Apr 5	Dec 31
Feb 15	May 24	
Mar 25	Oct 28	

GUINEA BISSAU:

Jan 1	May 24
Feb 26	Nov 1
Apr 5	Nov 15
May 13	

HONG KONG:

Jan 1	Apr 6	Oct 1
Feb 15	May 21	Dec 27
Feb 16	Jun 16	
Apr 2	Jul 1	
Apr 5	Sep 23	

HUNGARY:

Jan 1	Aug 20
Mar 15	Nov 1
Apr 5	Dec 24
May 24	

ICELAND:

Jan 1	Apr 22	Aug 2
Apr 1	May 13	Dec 24
Apr 2	May 24	Dec 31
Apr 5	Jun 17	

INDIA:

Jan 1	Mar 16	Apr 14	Sep 10
Jan 26	Mar 24	May 27	Nov 5
Feb 12	Apr 1	Jul 1	Nov 17
Mar 1	Apr 2	Aug 19	Dec 17

INDONESIA:

Jan 1	May 13	Sep 9	Nov 17
Feb 26	May 28	Sep 10	Dec 7
Mar 16	Aug 17	Sep 13	Dec 24
Apr 2	Sep 8	Sep 14	Dec 31

IRELAND:

Jan 1	May 3	Dec 28
Mar 17	May 31	
Apr 2	Aug 30	
Apr 5	Dec 27	

ISRAEL:

Feb 28	Apr 4	May 19	Sep 17	Sep 28
Mar 29	Apr 5	Jul 20	Sep 22	Sep 29
Mar 30	Apr 19	Sep 8	Sep 23	Sep 30
Mar 31	Apr 20	Sep 9	Sep 26	
Apr 1	May 18	Sep 10	Sep 27	

ITALY:

Jan 1	Jun 2	Dec 24
Jan 6	Jun 29	Dec 31
Apr 2	Nov 1	
Apr 5	Dec 8	

IVORY COAST:

Jan 1	May 24
Feb 26	Nov 1
Apr 5	Nov 15
May 13	

JAPAN:

Jan 1	Apr 29	Jul 19	Nov 3
Jan 11	May 3	Sep 20	Nov 23
Feb 11	May 4	Sep 23	Dec 23
Mar 22	May 5	Oct 11	Dec 31

JORDAN:

Feb 25	Nov 16
May 25	Nov 17
Sep 9	Nov 18
Sep 12	Dec 7

KAZAKHSTAN:

Jan 1	Jan 10	Mar 24	Aug 30
Jan 4	Mar 8	May 3	Dec 16
Jan 7	Mar 22	May 10	Dec 17
Jan 8	Mar 23	Jul 6	

KENYA:

Jan 1	Oct 11
Apr 2	Oct 20
Apr 5	Dec 13
Jun 1	

KUWAIT:

Jan 3	Sep 13	Dec 7
Feb 25	Nov 16	
Mar 1	Nov 17	
Sep 12	Nov 18	

LATVIA:

Jan 1	May 3	Jun 22	Nov 17	Dec 30
Apr 1	May 4	Jun 23	Nov 18	Dec 31
Apr 2	May 13	Jun 24	Nov 19	
Apr 5	May 29	Jun 25	Dec 23	
Apr 30	Jun 19	Nov 13	Dec 24	

LEBANON:

Jan 1	Mar 25	Nov 16	Dec 16
Jan 6	Apr 2	Nov 17	
Feb 9	Apr 5	Nov 22	
Feb 26	Sep 10	Dec 7	

LITHUANIA:

Jan 1	Mar 12	Jun 24	Nov 1
Feb 15	Apr 2	Jun 25	Dec 24
Feb 16	Apr 5	Jul 5	Dec 31
Mar 11	May 13	Jul 6	

LUXEMBOURG:

Jan 1	May 24
Apr 2	Jun 23
Apr 5	Nov 1
May 13	Dec 24

MALAYSIA:

Jan 1	Feb 26	Sep 10	Dec 7
Feb 1	May 28	Sep 16	
Feb 15	May 31	Nov 5	
Feb 16	Aug 31	Nov 17	

MALI:

Jan 1	May 24
Feb 26	Nov 1
Apr 5	Nov 15
May 13	

MALTA:

Jan 1	Apr 2	Sep 8
Feb 10	Apr 5	Sep 21
Mar 19	Jun 7	Dec 8
Mar 31	Jun 29	Dec 13

MAURITIUS:

Jan 1	Mar 16	Nov 5
Feb 1	May 5	
Feb 12	Sep 10	
Mar 12	Nov 2	

MEXICO:

Jan 1	Apr 2
Feb 1	Sep 16
Mar 15	Nov 2
Apr 1	Nov 15

MOROCCO:

Jan 1	Aug 20
Jan 11	Sep 10
Mar 1	Nov 18
Jul 30	Dec 7

NAMBIA:

Jan 1	May 4	Dec 10
Mar 22	May 13	Dec 27
Apr 2	May 25	
Apr 5	Aug 26	

NETHERLANDS:

Jan 1	May 3
Apr 2	May 13
Apr 5	May 24
Apr 30	May 31

NEW ZEALAND:

Jan 1	Apr 2	Dec 24
Jan 4	Apr 5	Dec 27
Jan 25	Jun 7	Dec 28
Feb 1	Oct 25	Dec 31

NIGER:

Jan 1	May 24
Feb 26	Nov 1
Apr 5	Nov 15
May 13	

NIGERIA:

Jan 1	May 3	Dec 27
Feb 26	Sep 9	
Apr 2	Oct 1	
Apr 5	Nov 17	

NORWAY:

Jan 1	Apr 5	Dec 24
Mar 31	May 13	Dec 31
Apr 1	May 17	
Apr 2	May 24	

OMAN:

Feb 28	Nov 16
Sep 12	Nov 17
Nov 14	Nov 18
Nov 15	Dec 7

PAKISTAN:

Jan 1	Mar 23	Aug 14	Nov 19
Feb 5	May 1	Sep 11	Dec 18
Feb 27	Jul 1	Nov 9	Dec 25
Mar 1	Aug 11	Nov 18	

PALESTINIAN AUTONOMOUS AREA:

Jan 7	Nov 15
Feb 25	Nov 16
Sep 9	Nov 17
Sep 12	Nov 18

PERU:

Jan 1	Jul 28	Nov 1
Apr 1	Jul 29	Dec 8
Apr 2	Aug 30	
Jun 29	Oct 8	

PHILIPPINES:

Jan 1	May 3	Aug 30	Dec 24
Apr 1	May 10	Sep 10	Dec 27
Apr 2	Jun 14	Nov 1	Dec 31
Apr 9	Aug 23	Nov 29	

POLAND:

Jan 1	Jun 3
Apr 2	Nov 1
Apr 5	Nov 11
May 3	Dec 24

PORTUGAL:

Jan 1	Apr 5	Nov 1	Dec 31
Feb 16	Jun 3	Dec 1	
Apr 1	Jun 10	Dec 8	
Apr 2	Oct 5	Dec 24	

QATAR:

Mar 7
Sep 12
Nov 17
Nov 18

ROMANIA:

Jan 1
Apr 5
May 24
Dec 1

RUSSIA:

Jan 1	Jan 7	Feb 27	May 10	Nov 4
Jan 4	Jan 8	Mar 8	Jun 11	Nov 5
Jan 5	Feb 22	Apr 30	Jun 14	Nov 13
Jan 6	Feb 23	May 3	Nov 3	Dec 31

SENEGAL:

Jan 1	May 24
Feb 26	Nov 1
Apr 5	Nov 15
May 13	

SERBIA:

Jan 1	Jan 7	Apr 5
Jan 4	Jan 8	May 3
Jan 5	Feb 15	
Jan 6	Apr 2	

SINGAPORE:

Jan 1	May 28	Nov 17
Feb 15	Aug 9	
Feb 16	Sep 10	
Apr 2	Nov 5	

SLOVAKIA:

Jan 1	Jul 5	Nov 17
Jan 6	Sep 1	Dec 24
Apr 2	Sep 15	
Apr 5	Nov 1	

SLOVENIA:

Jan 1	Apr 27	Dec 31
Feb 8	Jun 25	
Apr 2	Nov 1	
Apr 5	Dec 24	

SOUTH AFRICA:

Jan 1	Apr 27	Dec 16
Mar 22	Jun 16	Dec 27
Apr 2	Aug 9	
Apr 5	Sep 24	

SOUTH KOREA:

Jan 1	May 5	Sep 22
Jan 4	May 21	Sep 23
Feb 15	Jun 2	Dec 31
Mar 1	Sep 21	

SPAIN:

Jan 1	Apr 2	Nov 1
Jan 6	Apr 5	Nov 9
Mar 19	Jun 3	Dec 6
Apr 1	Oct 12	Dec 8

SRI LANKA:

Jan 1	Feb 4	Apr 13	May 28	Oct 22
Jan 14	Feb 26	Apr 14	Jun 25	Nov 5
Jan 26	Mar 29	Apr 28	Aug 24	Nov 17
Jan 27	Apr 2	Apr 30	Sep 10	Dec 20
Jan 29	Apr 9	May 27	Sep 22	Dec 24

SWAZILAND:

Jan 1	Apr 26
Apr 2	May 13
Apr 5	Jul 22
Apr 19	Sep 6

SWEDEN:

Jan 1	Apr 2	May 13	Dec 31
Jan 5	Apr 5	Jun 25	
Jan 6	Apr 30	Nov 5	
Apr 1	May 12	Dec 24	

SWITZERLAND:

Jan 1	May 13	Dec 31
Apr 2	May 24	
Apr 5	Sep 13	
Apr 19	Dec 24	

TAIWAN:

Jan 1	Feb 15	Feb 19
Feb 6	Feb 16	Apr 5
Feb 11	Feb 17	Jun 16
Feb 12	Feb 18	Sep 22

THAILAND:

Jan 1	Apr 14	May 28	Aug 13	Dec 31
Mar 1	Apr 15	Jul 1	Oct 25	
Apr 6	May 3	Jul 26	Dec 6	
Apr 13	May 5	Aug 12	Dec 10	

TOGO:

Jan 1	May 24
Feb 26	Nov 1
Apr 5	Nov 15
May 13	

TRINIDAD & TOBAGO:

Jan 1	Apr 2	Aug 2
Feb 15	Apr 5	Aug 31
Feb 16	May 31	Sep 24
Mar 30	Jun 3	Dec 27

TUNISIA:

Jan 1	Sep 10
Apr 9	Nov 18
Aug 13	Nov 19
Sep 9	

TURKEY:

Jan 1	Sep 8	Oct 29	Nov 18
Apr 23	Sep 9	Nov 15	Nov 19
May 19	Sep 10	Nov 16	
Aug 30	Oct 28	Nov 17	

UGANDA:

Jan 1	Apr 5
Jan 26	Jun 3
Mar 8	Jun 9
Apr 2	

UKRAINE:

Jan 1	Mar 13	May 10
Jan 7	Apr 5	May 24
Jan 8	May 3	Jun 28
Mar 8	May 4	Aug 24

UNITED ARAB EMIRATES:

Jan 1	Sep 11	Nov 18
Feb 26	Sep 12	Dec 2
Jul 10	Nov 16	Dec 7
Aug 6	Nov 17	

UNITED KINGDOM:

Jan 1	Feb 16	Jul 5	Oct 12	Dec 28
Jan 18	Apr 2	Aug 30	Nov 11	
Jan 19	May 3	Sep 6	Nov 25	
Feb 15	May 31	Oct 11	Dec 27	

UNITED STATES:

Jan 1	May 31	Nov 11	
Jan 18	Jul 5	Nov 25	
Feb 15	Sep 6	Dec 24	
Apr 2	Oct 11		

URUGUAY:

Jan 1	Mar 1	May 17	Dec 24
Jan 6	Apr 1	Aug 25	Dec 31
Feb 15	Apr 2	Oct 11	
Feb 16	Apr 19	Nov 2	

VENEZUELA:

Jan 1	Mar 29	Apr 19	Jul 5
Jan 11	Mar 30	May 17	Oct 12
Feb 15	Mar 31	Jun 7	Nov 1
Feb 16	Apr 1	Jun 24	Dec 6
Mar 19	Apr 2	Jun 28	Dec 8

VIETNAM:

Jan 1	Feb 18	May 3
Feb 15	Feb 19	Sep 2
Feb 16	Apr 23	
Feb 17	Apr 30	

ZAMBIA:

Jan 1	Apr 5	Aug 2
Mar 8	May 25	Oct 25
Mar 12	Jul 5	
Apr 2	Jul 6	

ZIMBABWE:

Jan 1	Apr 19	Dec 22
Apr 2	May 25	
Apr 4	Aug 9	
Apr 5	Aug 10	

SETTLEMENT PERIODS GREATER THAN SEVEN DAYS FOR YEAR 2010*

	<u>Beginning of Settlement Period</u>	<u>End of Settlement Period</u>	<u>Days in Settlement Period</u>
China	02/10/10	02/22/10	12
	02/11/10	02/23/10	12
	02/12/10	02/24/10	12
	03/29/10	04/07/10	9
	03/30/10	04/08/10	9
	04/01/10	04/09/10	8
	09/20/10	10/04/10	14
	09/21/10	10/05/10	14
	09/24/10	10/06/10	12
Denmark	03/29/10	04/06/10	8
	03/30/10	04/07/10	8
	03/31/10	04/08/10	8
Egypt	11/10/10	11/18/10	8
	11/11/10	11/21/10	10
	11/14/10	11/22/10	8

	<u>Beginning of Settlement Period</u>	<u>End of Settlement Period</u>	<u>Days in Settlement Period</u>
Indonesia	09/01/10	09/14/10	13
	09/02/10	09/15/10	13
	09/03/10	09/16/10	13
Japan	04/28/10	05/06/10	8
	04/29/10	05/07/10	8
	04/30/10	05/10/10	10
Malaysia	05/25/10	06/02/10	8
	05/26/10	06/03/10	8
	05/27/10	06/04/10	8
Norway	03/29/10	04/06/10	8
	03/30/10	04/07/10	8
	03/31/10	04/08/10	8
Qatar	11/11/10	11/22/10	11
South Korea	09/16/10	09/24/10	8
	09/17/10	09/27/10	10
	09/20/10	09/28/10	8
Spain	03/29/10	04/06/10	8
	03/30/10	04/07/10	8
	03/31/10	04/08/10	8
Taiwan	02/10/10	02/22/10	12
Thailand	04/08/10	04/16/10	8
	04/09/10	04/16/10	10
	04/12/10	04/20/10	8
Turkey	11/11/10	11/22/10	11
	11/12/10	11/23/10	11
United Arab Emirates	09/03/10	09/14/10	11
	09/07/10	09/15/10	8
	09/08/10	09/16/10	8
	11/09/10	11/19/10	10
	11/10/10	10/22/10	12
	11/12/10	11/23/10	11
	11/30/10	12/09/10	9
	12/01/10	12/10/10	9

* Holidays are subject to change without further notice.

The chart below describes in further detail the placement of creation and redemption orders through the NSCC and outside the Clearing Process.

	<u>Transmittal Date (T)</u>	<u>Next Business Day (T+1)</u>	<u>Second Business Day (T+2)</u>	<u>Third Business Day (T+3)</u>
Creation through NSCC				
Standard Orders	4:00 p.m. (ET) Order must be received by the Distributor.	No action.	No action.	Creation Unit Aggregations will be delivered.
Custom Orders	3:00 p.m. (ET) Order must be received by the Distributor. Orders received after 3:00 p.m. (ET) will be treated as standard orders.	No action.	No action.	Creation Unit Aggregations will be delivered.

	<u>Transmittal Date (T)</u>	<u>Next Business Day (T+1)</u>	<u>Second Business Day (T+2)</u>	<u>Third Business Day (T+3)</u>
Creation Outside NSCC				
Standard Orders	4:00 p.m. (ET) Order in proper form must be received by the Distributor.	11:00 a.m. (ET) Deposit Securities must be received by the Fund's account through DTC. 2:00 p.m. (ET) Cash Component must be received by the Custodian.	No action.	Creation Unit Aggregations will be delivered.
Standard Orders created in advance of receipt by the Trust of all or a portion of the Deposit Securities	4:00 p.m. (ET) Order in proper form must be received by the Distributor.	11:00 a.m. (ET) Available Deposit Securities. Cash in an amount equal to the sum of (i) the Cash Component, plus (ii) 115% of the market value of the undelivered Deposit Securities.	No action.	1:00 p.m. (ET) Missing Deposit Securities are due to the Trust or the Trust may use cash on deposit to purchase missing Deposit Securities. Creation Unit Aggregations will be delivered.
Custom Orders	3:00 p.m. (ET) Order in proper form must be received by the Distributor. Orders received after 3:00 p.m. (ET) will be treated as standard orders.	11:00 a.m. (ET) Deposit Securities must be received by the Fund's account through DTC. 2:00 p.m. (ET) Cash Component must be received by the Orders Custodian.	No action.	Creation Unit Aggregations will be delivered.
Redemption Through NSCC				
Standard Orders	4:00 p.m. (ET) Order must be received by the Transfer Agent. Orders received after 4:00 p.m. (ET) will be deemed received on the next business day (T+1).	No action.	No action.	Fund Securities and Cash Redemption Amount will be transferred.
Custom Orders	3:00 p.m. (ET) Order must be received by the Transfer Agent. Orders received after 3:00 p.m. (ET) will be treated as standard orders.	No action.	No action.	Fund Securities and Cash Redemption Amount will be transferred.

	<u>Transmittal Date (T)</u>	<u>Next Business Day (T+1)</u>	<u>Second Business Day (T+2)</u>	<u>Third Business Day (T+3)</u>
Redemption Outside of NSCC				
Standard Orders	4:00 p.m. (ET)	11:00 a.m. (ET)	No action.	Fund Securities and Cash Redemption Amount is delivered to the redeeming beneficial owner.
	Order must be received by the Transfer Agent.	Fund Shares must be delivered through DTC to the Custodian.		
	Orders received after 4:00 p.m. (ET) will be deemed received on the next business day (T+1).	2:00 p.m. (ET)	Cash Component, if any, is due.	
		*If the order is not in proper form or the Fund Shares are not delivered, then the order will not be deemed received as of T.		
Custom Orders	3:00 p.m. (ET)	11:00 a.m. (ET)	No action.	Fund Securities and Cash Redemption Amount is delivered to the redeeming beneficial owner.
	Order must be received by the Transfer Agent.	Fund Shares must be delivered through DTC to the Custodian.		
	Orders received after 3:00 p.m. (ET) will be treated as standard orders.	2:00 p.m. (ET)	Cash Component, if any, is due.	
		*If the order is not in proper form or the Fund Shares are not delivered, then the order will not be deemed received as of T.		

TAXES

Each Fund intends to continue to qualify for and to elect to be treated as a separate regulated investment company (a “RIC”) under Subchapter M of the Internal Revenue Code of 1986, as amended (the “Internal Revenue Code”). As a RIC, a Fund will not be subject to U.S. federal income tax on the portion of its taxable investment income and capital gains that it distributes to its Shareholders. To qualify for treatment as a RIC, a company must annually distribute at least 90% of its net investment company taxable income (which includes dividends, interest and net short-term capital gains) and meet several other requirements relating to the nature of its income and the diversification of its assets. If a Fund fails to qualify for any taxable year as a RIC, all of its taxable income will be subject to tax at regular corporate income tax rates without any deduction for distributions to Shareholders, and such distributions generally will be taxable to Shareholders as ordinary dividends to the extent of a Fund’s current and accumulated earnings and profits.

Each Fund is treated as a separate corporation for federal income tax purposes. Each Fund, therefore, is considered to be a separate entity in determining its treatment under the rules for RICs described herein and in the Prospectus. Losses in one Fund do not offset gains in another Fund and the requirements (other than certain organizational requirements) for qualifying for RIC status are determined at the Fund level rather than the Trust level.

Each Fund will be subject to a 4% excise tax on certain undistributed income if it does not distribute to its Shareholders in each calendar year at least 98% of its ordinary income for the calendar year plus 98% of its net capital gains for the twelve months ended October 31 of such year. Each Fund intends to declare and distribute dividends and distributions in the amounts and at the times necessary to avoid the application of this 4% excise tax.

As a result of tax requirements, the Trust on behalf of each Fund has the right to reject an order to purchase Shares if the purchaser (or group of purchasers) would, upon obtaining the Shares so ordered, own 80% or more

of the outstanding Shares of the Fund and if, pursuant to Section 351 of the Internal Revenue Code, the Fund would have a basis in the Deposit Securities different from the market value of such securities on the date of deposit. The Trust also has the right to require information necessary to determine beneficial Share ownership for purposes of the 80% determination.

Each Fund may make investments that are subject to special federal income tax rules, such as investments in structured notes, swaps, options, futures contracts and non-U.S. corporations classified as “passive foreign investment companies.” Those special tax rules can, among other things, affect the timing of income or gain, the treatment of income as capital or ordinary and the treatment of capital gain or loss as long-term or short-term. The application of these special rules would therefore also affect the character of distributions made by each Fund. The Funds may need to borrow money or dispose of some of their investments earlier than anticipated in order to meet their distribution requirements.

Distributions from a Fund’s net investment income, including any net short-term capital gains, if any, and distributions of income from securities lending, are generally taxable as ordinary income. Distributions reinvested in additional Shares of a Fund through the means of a dividend reinvestment service will be taxable dividends to Shareholders acquiring such additional Shares to the same extent as if such dividends had been received in cash. Distributions of net long-term capital gains, if any, in excess of net short-term capital losses are taxable as long-term capital gains, regardless of how long Shareholders have held the Shares.

Dividends declared by the Funds in October, November or December and paid to Shareholders of record of such months during the following January may be treated as having been received by such Shareholders in the year the distributions were declared.

Long-term capital gains of noncorporate taxpayers are generally taxed at a maximum of 15% for taxable years beginning before January 1, 2011. In addition, for those taxable years, some ordinary dividends declared and paid by a Fund to noncorporate Shareholders may qualify for taxation at the lower reduced tax rates applicable to long-term capital gains. Without future congressional action, the maximum rate of long-term capital gains will return to 20% in 2011, and all dividends will be taxed at ordinary income rates. Each Fund will report to Shareholders annually the amounts and character of its distributions for tax purposes.

If, for any calendar year, the total distributions made exceed a Fund’s current and accumulated earnings and profit, the excess will, for U.S. federal income tax purposes, be treated as a tax free return of capital to each Shareholder up to the amount of the Shareholder’s basis in his or her shares, and thereafter as gain from the sale of shares. The amount treated as a tax free return of capital will reduce the Shareholder’s adjusted basis in his or her shares, thereby increasing his or her potential gain or reducing his or her potential loss on the subsequent sale of his or her shares.

The sale, exchange or redemption of Shares may give rise to a gain or loss. In general, any gain or loss realized upon a taxable disposition of Shares will be treated as long-term capital gain or loss if the Shares have been held for more than one year. Otherwise, the gain or loss on the taxable disposition of Shares will be treated as short-term capital gain or loss. A loss realized on a sale or exchange of Shares of a Fund may be disallowed if other substantially identical Shares are acquired (whether through the automatic reinvestment of dividends or otherwise) within a sixty-one (61) day period beginning thirty (30) days before and ending thirty (30) days after the date that the Shares are disposed of. In such a case, the basis of the Shares acquired must be adjusted to reflect the disallowed loss. Any loss upon the sale or exchange of Shares held for six (6) months or less is treated as long-term capital loss to the extent of any capital gain dividends received by the Shareholders. Distributions of ordinary income and capital gains may also be subject to state and local taxes.

Distributions of ordinary income paid to Shareholders who are nonresident aliens or foreign entities that are not effectively connected to the conduct of a trade or business within the United States will generally be subject to a 30% United States withholding tax unless a reduced rate of withholding or a withholding exemption is provided under applicable treaty law. However, Shareholders who are nonresident aliens or foreign entities will generally not be subject to United States withholding or income tax on gains realized on the sale of Shares or on dividends from capital gains unless (i) such gain or capital gain dividend is effectively connected with the conduct of a trade or

business within the United States or (ii) in the case of a noncorporate Shareholder, the Shareholder is present in the United States for a period or periods aggregating 183 days or more during the year of the sale or capital gain dividend and certain other conditions are met. Gains on the sale of Share and dividends that are effectively connected with the conduct of a trade or business within the United States will generally be subject to United States federal net income taxation at regular income tax rates. Furthermore, for taxable years beginning before January 1, 2010 (or later date if extended by the U.S. Congress), a Fund may, under certain circumstances, designate all or a portion of a dividend as an “interest-related dividend” or a “short-term capital gain dividend.” An interest-related dividend that is received by a nonresident alien or foreign entity generally would be exempt from the 30% U.S. withholding tax, provided certain other requirements are met. A short-term capital gain dividend that is received by a nonresident alien or foreign entity generally would be exempt from the 30% U.S. withholding tax, unless the foreign person is a nonresident alien individual present in the United States for a period or periods aggregating 183 days or more during the taxable year. Nonresident Shareholders are urged to consult their own tax advisors concerning the applicability of the United States withholding tax.

Some Shareholders may be subject to a withholding tax on distributions of ordinary income, capital gains and any cash received on redemption of Creation Units (“backup withholding”). Generally, Shareholders subject to backup withholding will be those for whom no certified taxpayer identification number is on file with a Fund or who, to the Fund’s knowledge, have furnished an incorrect number. When establishing an account, an investor must certify under penalty of perjury that such number is correct and that such investor is not otherwise subject to backup withholding.

Dividends and interest received by a Fund may give rise to withholding and other taxes imposed by foreign countries. Tax conventions between certain countries and the United States may reduce or eliminate such taxes.

Each Fund may be subject to certain taxes imposed by the foreign country or countries in which it invests with respect to dividends, capital gains and interest income. Under the Internal Revenue Code, if more than 50% of the value of a Fund’s total assets at the close of any taxable year consists of stocks or securities of foreign corporations, the Fund may elect, for U.S. federal tax purposes, to treat any foreign country’s income or withholding taxes paid by the Fund that can be treated as income taxes under U.S. income tax principles, as paid by its Shareholders. Each Fund that meets this requirement intends to make this election. For any year that a Fund makes such an election, each Shareholder will be required to include in its income an amount equal to its allocable share of such taxes paid by the Fund to the foreign government and the Shareholder will be entitled, subject to certain limitations, to either deduct its allocable share of such foreign income taxes in computing its taxable income or to use it as a foreign tax credit against U.S. income taxes, if any. Generally, foreign investors will be subject to an increased U.S. tax on their income resulting from a Fund’s election to “pass-through” amounts of foreign taxes paid by the Fund, and will not be able to claim a credit or deduction with respect to the foreign taxes paid by the Fund treated as having been paid by them.

Each Shareholder will be notified within 60 days after the close of a Fund’s taxable year whether, pursuant to the election described above, any foreign taxes paid by the Fund will be treated as paid by its Shareholders for that year and, if so, such notification will designate (i) such Shareholder’s portion of the foreign taxes paid to such country and (ii) the portion of the Fund’s dividends and distributions that represents income derived from sources within such country. The amount of foreign taxes that may be credited against a Shareholder’s U.S. federal income tax liability generally will be limited, however, to an amount equal to the Shareholder’s U.S. federal income tax rate multiplied by its foreign source taxable income. For this purpose, a Funds’ gains and losses from the sale of securities, and currency gains and losses, will generally be treated as derived from U.S. sources. In addition, this limitation must be applied separately to certain categories of foreign source income. As a consequence, certain Shareholders may not be able to claim a foreign tax credit for the full amount of their proportionate share of foreign taxes paid by a Fund. A Shareholder’s ability to claim a credit for foreign taxes paid by a Fund may also be limited by applicable holding period requirements.

The foregoing discussion is a summary only and is not intended as a substitute for careful tax planning. Purchasers of Shares should consult their own tax advisors as to the tax consequences of investing in such Shares, including under federal, state, local and other tax laws. Finally, the foregoing discussion is based on applicable

provisions of the Internal Revenue Code, regulations, judicial authority and administrative interpretations in effect on the date hereof. Changes in applicable authority could materially affect the conclusions discussed above, and such changes often occur.

FEDERAL TAX TREATMENT OF FUTURES AND OPTIONS CONTRACTS

Each Fund is required for federal income tax purposes to mark-to-market and recognize as income for each taxable year its net unrealized gains and losses on certain futures contracts as of the end of the year as well as those actually realized during the year. Gain or loss from futures and options contracts on broad-based indices required to be marked-to-market will be 60% long-term and 40% short-term capital gain or loss. Application of this rule may alter the timing and character of distributions to Shareholders. Each Fund may be required to defer the recognition of losses on futures contracts, options contracts and swaps to the extent of any unrecognized gains on offsetting positions held by the Fund.

In order for a Fund to continue to qualify for federal income tax treatment as a RIC, at least 90% of its gross income for a taxable year must be derived from qualifying income, i.e., dividends, interest, income derived from loans or securities, gains from the sale of securities or of foreign currencies or other income derived with respect to the Fund's business of investing in securities (including, net income derived from an interest in certain "qualified publicly traded partnerships"). It is anticipated that any net gain realized from the closing out of futures or options contracts will be considered gain from the sale of securities or derived with respect to each Fund's business of investing in securities and therefore will be qualifying income for purposes of the 90% gross income requirement.

Each Fund distributes to Shareholders at least annually any net capital gains which have been recognized for federal income tax purposes, including unrealized gains at the end of the Fund's fiscal year on futures or options transactions. Such distributions are combined with distributions of capital gains realized on a Fund's other investments and Shareholders are advised on the nature of the distributions.

DETERMINATION OF NAV

The following information should be read in conjunction with the section in the Prospectus entitled "Net Asset Value."

The NAV per Share of each Fund is computed by dividing the value of the net assets of the Fund (i.e., the value of its total assets less total liabilities) by the total number of Shares of the Fund outstanding, rounded to the nearest cent. Expenses and fees, including without limitation, the management and administration fees, are accrued daily and taken into account for purposes of determining NAV. The NAV per Share is calculated by the Custodian and determined as of the close of the regular trading session on the NYSE (ordinarily 4:00 p.m., Eastern time) on each day that such exchange is open.

In computing each Fund's NAV, the Fund's securities holdings traded on a national securities exchange are valued based on their last sale price. Price information on listed securities is taken from the exchange on which the security is primarily traded. Securities regularly traded in an over-the-counter market are valued at the latest quoted sale price in such market or in the case of the NASDAQ, at the NASDAQ official closing price. Other portfolio securities and assets for which market quotations are not readily available are valued based on fair value as determined in good faith by the Trust's Pricing Committee in accordance with procedures adopted by the Board of Trustees.

DIVIDENDS AND DISTRIBUTIONS

The following information supplements and should be read in conjunction with the section in the Prospectus entitled "Dividends, Distributions and Taxes."

General Policies. Ordinarily, dividends from net investment income, if any, are declared and paid quarterly (except for the PowerShares High Yield Equity Dividend Achievers™ Portfolio and PowerShares Financial Preferred Portfolio, which declare and pay dividends from net investment income monthly). Distributions of net

realized securities gains, if any, generally are declared and paid once a year, but the Trust may make distributions on a more frequent basis. The Trust reserves the right to declare special distributions if, in its reasonable discretion, such action is necessary or advisable to preserve the status of each Fund as a RIC or to avoid imposition of income or excise taxes on undistributed income.

Dividends and other distributions on Fund Shares are distributed, as described below, on a pro rata basis to Beneficial Owners of such Shares. Dividend payments are made through DTC Participants and Indirect Participants to Beneficial Owners then of record with proceeds received from a Fund.

Dividend Reinvestment Service. No reinvestment service is provided by the Trust. Broker-dealers may make available the DTC book-entry Dividend Reinvestment Service for use by Beneficial Owners of the Fund for reinvestment of their dividend distributions. Beneficial Owners should contact their broker to determine the availability and costs of the service and the details of participation therein. Brokers may require Beneficial Owners to adhere to specific procedures and timetables.

MISCELLANEOUS INFORMATION

Counsel. Dechert LLP, 1095 Avenue of the Americas, New York, New York 10036, is counsel to the Trust.

Independent Registered Public Accounting Firm. PricewaterhouseCoopers LLP, 300 Madison Avenue, New York, New York 10017, serves as the Funds' independent registered public accounting firm. PricewaterhouseCoopers LLP audits the Funds' financial statements and performs other related audit services.

FINANCIAL STATEMENTS

The audited financial statements, including the financial highlights appearing in the Trust's Annual Report to Shareholders for the fiscal year ended April 30, 2010 and filed electronically with the SEC, are incorporated by reference and made part of this SAI. You may request a copy of the Trust's Annual Report at no charge by calling 800.983.0903 during normal business hours.

APPENDIX A

Invesco PowerShares Capital Management LLC

PROXY VOTING POLICY—OVERVIEW

For those ETFs which Invesco PowerShares Capital Management LLC (“Invesco PowerShares” or the “Adviser”) has explicit or implicit authority to vote proxies, Invesco PowerShares:

- 1) applies its proxy voting policies consistently;
- 2) documents the reasons for voting; and
- 3) maintains records of voting activities for clients and regulating authorities;
- 4) monitors voting activity for potential conflicts of interest.

Proxy Voting

In order to facilitate this proxy voting process, Invesco PowerShares has retained Glass Lewis & Co., to assist the firm with in-depth proxy research and has retained Broadridge to vote execution and the recordkeeping necessary for tracking proxy voting for the appropriate client account. Invesco PowerShares votes according to Glass Lewis & Co voting recommendations to the extent that there is not a material conflict of interest. Glass Lewis & Co., specializes in providing a variety of fiduciary-level services related to proxy voting. Glass Lewis & Co Proxy Paper Policy Guidelines—An Overview of the Glass Lewis Approach to Proxy Advice 2008 Proxy Season is available upon request. To request a copy please call Invesco PowerShares at 800.983.0903.

Procedures for Addressing Material Conflicts of Interest

Example of potential conflicts of interest includes situations where the Adviser or an affiliate, or personnel of either entity:

1. Has a material business relationship with a proponent of a proxy proposal and this business relationship may influence how the proxy vote is cast.
2. Has a business or personal relationship with participants in a proxy contest, corporate directors or candidates for directorships.

Where a proxy proposal raises a material conflict between the Adviser’s interests and a client’s interest, the Adviser will resolve such a conflict in the manner described below.

The Adviser shall periodically review the proxy voting record to assess the extent, if any, to which there may be a material conflict between the interests of the applicable client on the one hand and the Adviser and its affiliates, directors, officers, employees on the other hand (a potential conflict). The Adviser shall perform this assessment on a proposal-by-proposal basis, and a potential conflict with respect to one proposal in a proxy shall not indicate that a potential conflict exists with respect to any other proposal in such proxy. If the Adviser determines that a potential conflict may exist, it shall resolve any such conflict in a manner that is in the collective best interest of the applicable client and the Adviser’s other clients (excluding any client that may have a potential conflict).

Without limiting the generality of the foregoing, the Adviser may resolve a potential conflict in any of the following manners: (i) If the proposal that gives rise to a potential conflict is specifically addressed Glass Lewis’s proxy voting policies, or (ii) the Adviser may engage an independent third-party to determine how the proxy should be voted. The Adviser shall use commercially reasonable efforts to determine whether a potential conflict may exist, and a potential conflict shall be deemed to exist if and only if one or more of the Adviser’s senior managers actually knew or reasonably should have know of the potential conflict.

Share blocking

The Adviser may choose not to vote proxies in certain situations or for certain accounts either where it deems the cost of doing so to be prohibitive or where the exercise of voting rights could restrict the ability of an account's portfolio manager to freely trade the security in question. For example, in accordance with local law or business practices, many foreign companies prevent the sale of shares that have been voted for a certain period beginning prior to the Shareholder meeting and ending on the day following the meeting ("share blocking"). Due to these restrictions, the Adviser must balance the benefits to its clients of voting proxies against the potentially serious portfolio management consequences of a reduced flexibility to sell the underlying shares at the most advantageous time. For companies in countries with share blocking periods, the disadvantage of being unable to sell the stock regardless of changing conditions generally outweighs the advantages of voting at the Shareholder meeting for routine items. Accordingly the Adviser will not vote those proxies in the absence of an unusual significant vote.

Special Policy

With respect to PowerShares Financial Preferred Portfolio, PowerShares Global Listed Private Equity Portfolio, PowerShares Ibbotson Alternative Completion Portfolio, PowerShares RiverFront Tactical Balanced Growth Portfolio, PowerShares RiverFront Tactical Growth & Income Portfolio, PowerShares CEF Income Composite Portfolio and PowerShares Lux Nanotech Portfolio, the Adviser will vote proxies in accordance with Sections 12(d)(1)(E) and 12(d)(1)(F), which requires that the Adviser vote the shares in the portfolio of the PowerShares Financial Preferred Portfolio, PowerShares Global Listed Private Equity Portfolio, PowerShares Ibbotson Alternative Completion Portfolio, PowerShares RiverFront Tactical Balanced Growth Portfolio, PowerShares RiverFront Tactical Growth & Income Portfolio, PowerShares CEF Income Composite Portfolio and PowerShares Lux Nanotech Portfolio in the same proportion as the vote of all other holders of such security.