

**POWERSHARES EXCHANGE-TRADED FUND TRUST**  
**SUPPLEMENT DATED JANUARY 12, 2012 TO THE STATEMENT OF**  
**ADDITIONAL INFORMATION DATED AUGUST 31, 2011**

Effective immediately, on page 7, the section titled “Investment Policies and Risks—Lending Portfolio Securities” is deleted and replaced with the following:

*Lending Portfolio Securities.* Each of PowerShares Cleantech™ Portfolio, PowerShares Dynamic Media Portfolio, PowerShares FTSE RAFI US 1000 Portfolio, PowerShares FTSE RAFI US 1500 Small-Mid Portfolio, PowerShares Fundamental Pure Small Value Portfolio, PowerShares Golden Dragon Halter USX China Portfolio, PowerShares International Dividend Achievers™ Portfolio, PowerShares Lux Nanotech Portfolio, PowerShares Morningstar StockInvestor Core Portfolio, PowerShares NASDAQ Internet Portfolio, PowerShares Water Resources Portfolio, PowerShares WilderHill Clean Energy Portfolio and PowerShares Zacks Micro Cap Portfolio may lend their portfolio securities (principally to brokers, dealers or other financial institutions) to generate additional income. Such loans are callable at any time and are continuously secured by segregated cash collateral equal to at least 102% of the market value, determined daily, of the loaned securities. Each such Fund may lend portfolio securities to the extent of one-third of its total assets. A Fund will lend its securities only to parties that its investment adviser has determined are in good standing and when, in the investment adviser’s judgment, the potential income earned would justify the risks.

A Fund will not have the right to vote securities while they are on loan, but it will call a loan in anticipation of an important vote. A Fund would receive income in lieu of dividends on loaned securities and may, at the same time, generate income on the loan collateral or on the investment of any cash collateral.

Securities lending involves a risk of loss because the borrower may fail to return the securities in a timely manner or at all. If the borrower defaults on its obligation to return the securities loaned because of insolvency or other reasons, a Fund could experience delays and costs in recovering securities loaned or gaining access to the collateral. If a Fund is not able to recover the securities loaned, the Fund may sell the collateral and purchase a replacement security in the market. Lending securities entails a risk of loss to a Fund if and to the extent that the market value of the loaned securities increases and the collateral is not increased accordingly. Securities lending also involves exposure to operational risk (the risk of loss resulting from errors in the settlement and accounting process) and “gap risk” (the risk that the return on cash collateral reinvestments will be less than the fees paid to the borrower).

Any cash received as collateral for loaned securities will be invested, in accordance with the investment guidelines of a Fund, in an affiliated money market fund. Investing this cash subjects that investment to market appreciation or depreciation. For purposes of determining whether a Fund is complying with its investment policies, strategies and restrictions, the Fund will consider the loaned securities as

assets of the respective Fund, but will not consider any collateral received as an asset of that Fund. A Fund will bear any loss on the investment of its cash collateral.

For a discussion of the federal income tax considerations relating to lending portfolio securities, see “Taxes.”

Effective immediately, on page 58, the section titled “Management—Securities Lending Agents” is deleted and replaced with the following:

*Securities Lending Agents.* Brown Brothers Harriman & Co. (“BBH”) acts as the securities lending agent for PowerShares FTSE RAFI US 1000 Portfolio, PowerShares FTSE RAFI US 1500 Small-Mid Portfolio, PowerShares Fundamental Pure Small Value Portfolio, PowerShares International Dividend Achievers™ Portfolio, PowerShares Morningstar StockInvestor Core Portfolio, PowerShares NASDAQ Internet Portfolio and PowerShares Water Resources Portfolio, and Citibank N.A. (“Citi”) acts as the securities lending agent for PowerShares Cleantech™ Portfolio, PowerShares Dynamic Media Portfolio, PowerShares Golden Dragon Halter USX China Portfolio, PowerShares Lux Nanotech Portfolio, PowerShares WilderHill Clean Energy Portfolio and PowerShares Zacks Micro Cap Portfolio. In their capacity as securities lending agents, each of BBH and Citi, among other things, enters into and maintains securities loan agreements with borrowers, negotiates fees with borrowers, delivers securities to borrowers, receives collateral from borrowers in connection with each loan, holds and safekeeps the collateral on behalf of each Fund and invests the cash collateral in accordance with the Adviser’s instructions. The securities lending agents will receive fees from each Fund and such fee will be calculated on, and deducted from, that Fund’s securities lending revenues.

**Please Retain This Supplement For Future Reference.**

**P-PS-SAI SUP-2 011212**

**POWERSHARES EXCHANGE-TRADED FUND TRUST**  
**SUPPLEMENT DATED DECEMBER 30, 2011 TO THE STATEMENT OF**  
**ADDITIONAL INFORMATION DATED AUGUST 31, 2011**

**Important Notice Regarding Change in Underlying Index for the PowerShares  
Water Resources Portfolio (the “Fund”)**

Effective March 1, 2012, the NASDAQ OMX US Water Index<sup>SM</sup> will replace the Palisades Water Index as the underlying index for the Fund and the NASDAQ OMX Group, Inc. will replace Palisades Water Index Associates, LLC as the index provider for the Fund.

Accordingly, on that date, the Statement of Additional Information is changed as follows:

The Underlying Index for the Fund listed in the table on page 60 under the section titled “Management—Index Providers” is deleted and replaced with the following:

NASDAQ OMX US Water Index<sup>SM</sup>

The fourth and fifth paragraphs on page 62 under the section titled “Management—Disclaimers” are deleted and replaced with the following:

The only relationship that NASDAQ OMX Group, Inc. (“NASDAQ OMX Group”) has with the Adviser or Distributor of PowerShares Water Resources Portfolio in connection with PowerShares Water Resources Portfolio is that NASDAQ OMX Group has licensed certain of its intellectual property, including the determination of the component stocks of the Underlying Index and the name of the Underlying Index. The Underlying Index is selected and calculated without regard to the Adviser, Distributor or owners of PowerShares Water Resources Portfolio. NASDAQ OMX Group has no obligation to take the specific needs of the Adviser, Distributor or owners of PowerShares Water Resources Portfolio into consideration in the determination and calculation of the Underlying Index. NASDAQ OMX Group 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 Fund or in the determination or calculation of the asset value of PowerShares Water Resources Portfolio. NASDAQ OMX Group does not have any obligation or liability in connection with the administration, marketing or trading of PowerShares Water Resources Portfolio.

PowerShares Water Resources Portfolio is not sponsored, endorsed, sold or promoted by NASDAQ OMX Group or its affiliates (NASDAQ OMX Group, with its affiliates, are referred to as the “Corporations”). The Corporations have not passed on the legality or suitability of, or the accuracy or adequacy of descriptions and disclosures relating to, the Fund. The Corporations make no representation or warranty, express or implied to the owners of the Fund or any member of the public regarding the advisability of investing in securities generally or in the Fund particularly, or the ability of the NASDAQ OMX US Water Index<sup>SM</sup> to track general

stock market performance. The Corporations' only relationship to the Adviser ("Licensee") is in the licensing of the NASDAQ®, OMX®, NASDAQ OMX®, NASDAQ OMX US Water Index<sup>SM</sup> trade/service marks, and certain trade names of the Corporations and the use of the NASDAQ OMX US Water Index<sup>SM</sup> which is determined, composed and calculated by NASDAQ OMX without regard to Licensee or the Fund. NASDAQ OMX has no obligation to take the needs of the Licensee or the owners of the Fund into consideration in determining, composing or calculating the NASDAQ OMX US Water Index<sup>SM</sup>. The Corporations are not responsible for and have not participated in the determination of the timing of, prices at, or quantities of the Fund to be issued or in the determination or calculation of the equation by which the Fund is to be converted into cash. The Corporations have no liability in connection with the administration, marketing or trading of the Fund.

THE CORPORATIONS DO NOT GUARANTEE THE ACCURACY AND/OR UNINTERRUPTED CALCULATION OF THE NASDAQ OMX US WATER INDEX<sup>SM</sup> OR ANY DATA INCLUDED THEREIN. THE CORPORATIONS MAKE NO WARRANTY, EXPRESS OR IMPLIED, AS TO RESULTS TO BE OBTAINED BY LICENSEE, OWNERS OF THE FUND, OR ANY OTHER PERSON OR ENTITY FROM THE USE OF THE NASDAQ OMX US WATER INDEX<sup>SM</sup> 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 NASDAQ OMX US WATER INDEX<sup>SM</sup> 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 SUCH DAMAGES.

**Please Retain This Supplement For Future Reference.**

**P-PS-SPECIALTY-SAI-STK-1 12/30/11**

Investment Company Act File No. 811-21265

PowerShares Exchange-Traded Fund Trust

STATEMENT OF ADDITIONAL INFORMATION

Dated August 31, 2011

This Statement of Additional Information (“SAI”) is not a prospectus. It should be read in conjunction with the Prospectuses, each dated August 31, 2011, 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 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 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 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
PowerShares Dynamic Retail Portfolio	NYSE Arca, Inc.	PMR
PowerShares Dynamic Semiconductors Portfolio	NYSE Arca, Inc.	PSI
PowerShares Dynamic Software Portfolio	NYSE Arca, Inc.	PSJ
PowerShares Dynamic Technology Sector Portfolio	NYSE Arca, Inc.	PTF
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 Fundamental Pure Large Core Portfolio	NYSE Arca, Inc.	PXLC
PowerShares Fundamental Pure Large Growth Portfolio	NYSE Arca, Inc.	PXLG
PowerShares Fundamental Pure Large Value Portfolio	NYSE Arca, Inc.	PXLV
PowerShares Fundamental Pure Mid Growth Portfolio	NYSE Arca, Inc.	PXMG
PowerShares Fundamental Pure Mid Core Portfolio	NYSE Arca, Inc.	PXMC
PowerShares Fundamental Pure Mid Value Portfolio	NYSE Arca, Inc.	PXMV
PowerShares Fundamental Pure Small Growth Portfolio	NYSE Arca, Inc.	PXSG
PowerShares Fundamental Pure Small Core Portfolio	NYSE Arca, Inc.	PXSC
PowerShares Fundamental Pure Small Value Portfolio	NYSE Arca, Inc.	PXSV
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

<u>Fund</u>	<u>Principal U.S. Listing Exchange</u>	<u>Ticker</u>
PowerShares Morningstar StockInvestor Core Portfolio	NYSE Arca, Inc.	PYH
PowerShares NASDAQ Internet Portfolio	The NASDAQ Stock Market LLC	PNQI
PowerShares S&P 500 BuyWrite Portfolio	NYSE Arca, Inc.	PBP
PowerShares S&P 500 <sup>®</sup> 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

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 800.983.0903. The audited financial statements and related report of PricewaterhouseCoopers LLP, the independent registered public accounting firm of the Trust, for each Fund contained in the Trust's 2011 Annual Report are incorporated herein by reference in the section "Financial Statements." No other portions of the Trust's Annual Report are incorporated by reference herein.

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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 58 investment portfolios (each, a “Fund” and, collectively, the “Funds”). Each of the Funds (except as indicated below) is “non-diversified” and, as such, such Fund investments are not required to meet certain diversification requirements under the 1940 Act. The following Funds are classified as “diversified”: 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 Value Portfolio, PowerShares Dynamic MagniQuant Portfolio, PowerShares Dynamic Market Portfolio, PowerShares Dynamic OTC Portfolio, PowerShares Dynamic Technology Sector Portfolio, PowerShares FTSE RAFI US 1000 Portfolio, PowerShares FTSE RAFI US 1500 Small-Mid Portfolio, PowerShares Fundamental Pure Large Core Portfolio, PowerShares Fundamental Pure Mid Core Portfolio, PowerShares Fundamental Pure Mid Growth Portfolio, PowerShares Fundamental Pure Mid Value Portfolio, PowerShares Fundamental Pure Small Core Portfolio, PowerShares Fundamental Pure Small Growth Portfolio, PowerShares Fundamental Pure Small Value Portfolio, PowerShares High Yield Equity Dividend Achievers™ Portfolio, PowerShares International Dividend Achievers™ Portfolio and PowerShares Zacks Micro Cap Portfolio. The shares of the Funds are referred to herein as “Shares.”

The investment objective of each Fund is to seek investment results that generally correspond (before fees and expenses) to the price and yield of its specific benchmark index (each, an “Underlying Index” or “Underlying Intellidex” as applicable). Invesco PowerShares Capital Management LLC (the “Adviser”), a wholly owned subsidiary of Invesco Ltd., manages the Funds.

Each Fund issues and redeems Shares at net asset value (“NAV”) only in aggregations of 50,000 Shares (each, a “Creation Unit” or a “Creation Unit Aggregation”). Each Fund issues and redeems Creation Units principally in exchange for a basket of securities included in its 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”), plus a fixed transaction fee. 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 and PowerShares NASDAQ Internet Portfolio, which are listed on The NASDAQ Stock Market LLC (“NASDAQ”) (together with NYSE Arca, the “Exchanges”). Shares trade on the Exchanges at market prices that may be below, at or above NAV. In the event of the liquidation of a Fund, the Trust may decrease the number of Shares in a Creation Unit.

Each Fund reserves the right to offer creations and redemptions of Shares for cash, although they have no current intention of doing so. In addition, the Funds may issue Shares 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 105% 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, the Funds may impose transaction fees 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 a Fund will continue to meet the requirements of the Exchanges necessary to maintain the listing of the Fund’s Shares. 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 Fund’s Underlying Index or Underlying Intellidex is no longer calculated or available; or (iii) such other event shall occur or condition shall exist that, in the opinion of the relevant Exchange, makes further dealings on such Exchange inadvisable. The applicable Exchange will remove the Shares of a Fund from listing and trading upon termination of the 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 STRATEGIES AND RESTRICTIONS**

### **Investment Strategies**

Each Fund seeks to achieve its investment objective by investing primarily in securities that comprise its Underlying Index or Underlying Intellidex. Each Fund operates as an index fund and will not be actively managed. Each Fund (except for the PowerShares Water Resources Portfolio) attempts to replicate, before fees and expenses, the performance of its Underlying Index or Underlying Intellidex, although a Fund may use sampling techniques for the purpose of complying with regulatory or investment restrictions or when sampling is deemed appropriate to track the Underlying Index or Underlying Intellidex. The PowerShares Water Resources Portfolio uses a "sampling" methodology to seek to achieve its investment objective that may cause the Fund not to 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 Underlying Index in the proportions represented in such Underlying Index.

### **Investment Restrictions**

The Funds have adopted as fundamental policies the investment restrictions numbered (1) through (14) below, except that restrictions (1) and (2) only apply to those Funds classified as "diversified" Funds, as listed above in the section "General Description of the Trust and the Funds." 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 Achievers™ Portfolio, PowerShares Cleantech™ Portfolio, PowerShares Dividend Achievers™ Portfolio, PowerShares DWA Technical Leaders™ Portfolio, PowerShares Dynamic Banking Portfolio, PowerShares Dynamic Basic Materials Sector Portfolio, PowerShares Dynamic Biotechnology & Genome Portfolio, PowerShares Dynamic Building & Construction Portfolio, PowerShares Dynamic Consumer Discretionary Sector Portfolio, PowerShares Dynamic Consumer Staples Sector Portfolio, PowerShares Dynamic 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 Industrials Sector 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 MagniQuant 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 Technology Sector Portfolio, PowerShares Dynamic

Utilities Portfolio, PowerShares Financial Preferred Portfolio, PowerShares FTSE RAFI US 1000 Portfolio, PowerShares FTSE RAFI US 1500 Small-Mid Portfolio, PowerShares Fundamental Pure Large Core Portfolio, PowerShares Fundamental Pure Mid Growth Portfolio, PowerShares Fundamental Pure Mid Core Portfolio, PowerShares Fundamental Pure Mid Value Portfolio, PowerShares Fundamental Pure Small Growth Portfolio, PowerShares Fundamental Pure Small Core Portfolio, PowerShares Fundamental Pure Small Value 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 NASDAQ Internet Portfolio, PowerShares S&P 500 BuyWrite Portfolio, PowerShares S&P 500® High Quality Portfolio, PowerShares Water Resources Portfolio, PowerShares WilderHill Clean Energy Portfolio, PowerShares WilderHill Progressive Energy Portfolio and PowerShares Zacks Micro 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 Water Resources Portfolio 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 PowerShares Fundamental Pure Large Growth Portfolio and PowerShares Fundamental Pure Large Value Portfolio, invest more than 25% of the value of its net assets in securities of issuers in any one industry or group of industries, except to the extent that the Underlying Index that the Fund replicates 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.

(6) 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).

(7) 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 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 Utilities Portfolio, PowerShares FTSE RAFI US 1000, PowerShares Fundamental Pure Mid Growth Portfolio, PowerShares Fundamental Pure Mid Value Portfolio, PowerShares Fundamental Pure Small Growth Portfolio, PowerShares Fundamental Pure Small Value Portfolio, 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 and PowerShares Zacks Micro 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).

(8) 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 Industrials Sector Portfolio, PowerShares Dynamic MagniQuant Portfolio, PowerShares Dynamic Technology Sector Portfolio, PowerShares Financial Preferred Portfolio, PowerShares FTSE RAFI US 1500 Small-Mid Portfolio, PowerShares Fundamental Pure Large Core Portfolio, PowerShares Fundamental Pure Mid Core Portfolio, PowerShares Fundamental Pure Small Core Portfolio, PowerShares Global Listed Private Equity Portfolio, PowerShares Morningstar StockInvestor Core Portfolio, PowerShares NASDAQ Internet Portfolio, PowerShares S&P 500 BuyWrite 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 33⅓ % of the value of the Fund's total assets (including the amount borrowed), less the Fund's liabilities (other than borrowings).

(9) With respect to the PowerShares Fundamental Pure Large Growth Portfolio and PowerShares Fundamental Pure Large Value Portfolio, borrow money, except that the Fund may borrow money to the extent permitted by (i) the 1940 Act, (ii) the rules and regulations promulgated by the Securities and Exchange Commission ("SEC") under the 1940 Act, or (iii) an exemption or other relief applicable to the Fund from the provisions of the 1940 Act.

(10) 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.

(11) 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 33⅓ % of the value of the Fund's total assets.

(12) 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).

(13) 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).

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

Except for restrictions (6), (7), (8) and (9), if a Fund adheres to a percentage restriction 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 (6), (7), (8) and (9), in the event that a Fund's borrowings at any time exceed 33⅓ % 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 33⅓ % 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 also is subject to the following non-fundamental restrictions and policies, which may be changed by the Board of Trustees of the Trust (the "Board") without shareholder approval. Each Fund may not:

(1) Except for PowerShares Fundamental Pure Large Growth Portfolio and PowerShares Fundamental Pure Large Value Portfolio, 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) With respect to PowerShares Fundamental Pure Large Growth Portfolio and PowerShares Fundamental Pure Large Value Portfolio, 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.

(3) Except for PowerShares Fundamental Pure Large Growth Portfolio and PowerShares Fundamental Pure Large Value Portfolio, 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.

(4) With respect to PowerShares Fundamental Pure Large Growth Portfolio and PowerShares Fundamental Pure Large Value Portfolio, purchase securities on margin, except that the Fund may obtain such short-term credits as are necessary for the clearance of transactions.

(5) With respect to 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.

(6) Except for 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 the Fund may not 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.

(7) 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.

(8) 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.

(9) 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 without approval by shareholders.

Each Fund (except PowerShares Buyback Achievers™ Portfolio, PowerShares DWA Technical Leaders™ Portfolio, PowerShares Dynamic MagniQuant Portfolio, PowerShares Dynamic Market Portfolio, PowerShares FTSE RAFI US 1000 Portfolio, PowerShares FTSE RAFI US 1500 Small-Mid Portfolio, PowerShares Global Listed Private Equity Portfolio, PowerShares International Dividend Achievers™ Portfolio, PowerShares Morningstar StockInvestor Core Portfolio, PowerShares S&P 500® High Quality Portfolio and PowerShares Water Resources Portfolio) has adopted a non-fundamental investment policy in accordance with Rule 35d-1 under the 1940 Act to invest normally at least 80% of its total assets in securities suggested by its name. Each Fund considers

the securities suggested by its name to be those securities that comprise that Fund's Underlying Index or Underlying Intellidex. Each Fund also has adopted a policy to provide its shareholders with at least 60 days' prior written notice of any change in such policy. If, subsequent to an investment, the 80% requirement no longer is met, that Fund will make future investments in a manner that will bring it into compliance with this policy.

## **INVESTMENT POLICIES AND RISKS**

A discussion of each Fund's investment policies and the risks associated with an investment in the Funds is contained in the Funds' Prospectuses in the "Summary Information—Principal Risks of Investing in the Funds" and "Summary Information—Additional Risks" sections applicable to each Fund and the "Additional Information About the Funds' Strategies and Risks" section. The discussion below supplements, and should be read in conjunction with, these sections.

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 also should 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 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, generally have inferior rights to receive payments from the issuer in comparison with the rights of creditors, or holders of debt obligations or preferred stocks. 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 dealers will make or maintain a market 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 a Fund holds unless the respective index provider removes the securities of such issuer from its respective Underlying Index or Underlying Intellidex.

An investment in each Fund also should 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 the securities generate 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, PowerShares Water Resources Portfolio's use of a representative sampling approach may cause the Fund not to 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 Underlying Index in the proportions represented in such Underlying Index. It is also possible that, for short periods of time, a Fund may not replicate fully the performance of its Underlying Index or Underlying Intellidex 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 also is possible that the composition of a Fund may not replicate exactly the composition of its respective Underlying Index or Underlying Intellidex if the Fund has to adjust its portfolio holdings 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 (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.

*Lending Portfolio Securities.* Each of PowerShares Cleantech™ Portfolio, PowerShares FTSE RAFI US 1000 Portfolio, PowerShares FTSE RAFI US 1500 Small-Mid Portfolio, PowerShares Golden Dragon Halter USX China Portfolio, PowerShares International Dividend Achievers™ Portfolio, PowerShares Lux Nanotech Portfolio, PowerShares Water Resources Portfolio, PowerShares WilderHill Clean Energy Portfolio and PowerShares Zacks Micro Cap Portfolio may lend its portfolio securities (principally to brokers, dealers or other financial institutions) to generate additional income. Such loans are callable at any time and are continuously secured by segregated cash collateral equal to at least 102% of the market value, determined daily, of the loaned securities. Each such Fund may lend portfolio securities to the extent of one-third of its total assets. A Fund will loan its securities only to parties that the Adviser has determined are in good standing and when, in the Adviser’s judgment, the potential income earned would justify the risks.

A Fund will not have the right to vote securities while they are on loan, but it will recall securities on loan if the Adviser determines that the shareholder meeting is called for purposes of voting on material events that could have a material impact on the Fund’s loaned securities and for which the vote could be material to the Fund. A Fund would receive income in lieu of dividends on loaned securities and may, at the same time, generate income on the loan collateral or on the investment of any cash collateral.

Securities lending involves a risk of loss because the borrower may fail to return the securities in a timely manner or at all. If the borrower defaults on its obligation to return the securities loaned because of insolvency or other reasons, a Fund could experience delays and costs in recovering securities loaned or gaining access to the collateral. If a Fund is not able to recover the securities loaned, the Fund may sell the collateral and purchase a replacement security in the market. Lending securities entails a risk of loss to a Fund if, and to the extent that, the market value of the loaned securities increases and the collateral is not increased accordingly. Securities lending also involves exposure to operational risk (the risk of loss resulting from errors in the settlement and accounting process) and “gap risk” (the risk that the return on cash collateral reinvestments will be less than the fees paid to the borrower).

Any cash received as collateral for loaned securities will be invested, in accordance with a Fund’s investment guidelines, in an affiliated money market fund. Investing this cash subjects that investment to market appreciation or depreciation. For purposes of determining whether a Fund is complying with its investment policies, strategies and restrictions, the Fund will consider the loaned securities as assets of the Fund, but will not consider any collateral received as a Fund asset. A Fund will bear any loss on the investment of cash collateral.

For a discussion of the federal income tax considerations relating to lending portfolio securities, see “Taxes.”

*Repurchase Agreements.* Each Fund may enter into repurchase agreements, which are agreements pursuant to which a Fund acquires securities from a third party with the understanding that the seller will repurchase them 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 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, the Fund may not be able to substantiate its interest in the underlying securities. To minimize this risk, the custodian will hold the securities underlying the repurchase agreement 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 a 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 borrowings.

*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 a 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 the Adviser determines; (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 subject to certain exceptions, is limited to, (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 a 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 generally can 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 to generate cash flow from rental income and 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 conceivably could own real estate directly as a result of a default on the securities it owns. Therefore, the Funds 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 depend upon management skill, are not diversified and therefore are subject to the risk of financing single or a limited number of projects. Such REITs also are 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 also may 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.

*Borrowing.* Each Fund may borrow money from a bank or another person up to limits set forth in the section “Investment Strategies and Restrictions—Investment Restrictions” to meet shareholder redemptions, for temporary or emergency purposes and for other lawful purposes. Borrowed money will cost a Fund interest expense and/or other fees. The costs of borrowing may reduce a Fund’s return. Borrowing also may cause a Fund to liquidate positions when it may not be advantageous to do so to satisfy its obligations to repay borrowed monies. To the extent that a Fund has outstanding borrowings, it will be leveraged. Leveraging generally exaggerates the effect on NAV of any increase or decrease in the market value of a Fund’s portfolio securities.

*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 only will 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. The custodian will segregate assets committed to futures contracts 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, each Fund currently is not subject to the registration and regulatory requirements of the CEA, and 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 SAI.

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 would 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, the 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) potentially is unlimited. No Fund plans 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. The Funds, however, intend to utilize futures and options contracts in a manner designed to limit their risk exposure to levels comparable to direct investment in stocks.

The Funds’ use futures and options on futures involves the risk of imperfect or even negative correlation to their respective Underlying Index or Underlying Intellidex if the index underlying the futures contract differs from the Underlying Index or Underlying Intellidex.

The Funds also risk loss 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 minimized substantially 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.* Each fund may enter into swap agreements. PowerShares Global Listed Private Equity Portfolio is the only fund currently using swap agreements, including total return 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 usually will be done on a net basis, the Fund receiving or paying only the net amount of the two payments. The net amount of the excess, if any, of the 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.* For the PowerShares Global Listed Private Equity Portfolio, the risk of loss with respect to swaps generally is limited to the net amount of payments that the Fund is contractually obligated to make. Swap agreements are subject to the risk that the swap counterparty will default on its obligations. If such a default were to occur, the Fund will have contractual remedies pursuant to the agreements related to the transaction. However, such remedies may be subject to bankruptcy and insolvency laws that 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).

In a total return swap transaction, one party agrees to pay the other party an amount equal to the total return on a defined underlying asset or a non-asset reference during a specified period of time. The underlying asset might be a security or basket of securities, and the non-asset reference could be a securities index. In return, the other party would make periodic payments based on a fixed or variable interest rate or on the total return from a different underlying asset or non-asset reference. The payments of the two parties could be made on a net basis.

Total return swaps could result in losses for PowerShares Global Listed Private Equity Portfolio if the underlying asset or reference does not perform as anticipated. Total return swaps can have the potential for unlimited losses. PowerShares Global Listed Private Equity Portfolio may lose money in a total return swap if the counterparty fails to meet its obligations.

PowerShares Global Listed Private Equity Portfolio will earmark or segregate assets in the form of cash and cash equivalents in an amount equal to the aggregate market value of the swaps of which it is the seller, marked-to-market on a daily basis.

## **PORTFOLIO TURNOVER**

For the fiscal year ended April 30, 2011, the portfolio turnover rate for each of the following Funds varied significantly from such Fund’s portfolio turnover rate for the fiscal year ended April 30, 2010 due to the application of each Fund’s respective index methodology:

PowerShares Dynamic Banking Portfolio  
PowerShares Dynamic Energy Sector Portfolio  
PowerShares Dynamic Financial Sector Portfolio  
PowerShares Dynamic Industrials Sector Portfolio  
PowerShares Dynamic Large Cap Growth Portfolio  
PowerShares Dynamic Networking Portfolio  
PowerShares Dynamic Pharmaceuticals Portfolio  
PowerShares Dynamic Retail Portfolio  
PowerShares Dynamic Utilities Portfolio  
PowerShares International Dividend Achievers™  
PowerShares Golden Dragon Halter USX China Portfolio  
PowerShares Morningstar StockInvestor Core Portfolio  
PowerShares NASDAQ Internet Portfolio  
PowerShares S&P 500® High Quality Portfolio  
PowerShares WilderHill Progressive Energy Portfolio

For the fiscal year ended April 30, 2011, the portfolio turnover rate for each of the following Funds varied significantly from such Fund's portfolio turnover rate for the fiscal year ended April 30, 2010 due to the change of index which the Funds seek to replicate:

PowerShares Fundamental Pure Large Core Portfolio  
PowerShares Fundamental Pure Mid Growth Portfolio  
PowerShares Fundamental Pure Mid Core Portfolio  
PowerShares Fundamental Pure Mid Value Portfolio  
PowerShares Fundamental Pure Small Growth Portfolio  
PowerShares Fundamental Pure Small Core Portfolio

## DISCLOSURE OF PORTFOLIO HOLDINGS

*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.

The Funds' Form N-Q and Form N-CSR are available on the SEC's website at <http://www.sec.gov>. The Funds' Form N-Q and Form N-CSR also may be reviewed and copied at the SEC's Public Reference Room in Washington, D.C. 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 Funds' portfolio holdings. The Board must approve all material amendments to this policy.

The Funds' portfolio holdings are disseminated publicly each day that the Funds are open for business through financial reporting and news services, including publicly accessible Internet websites. In addition, a basket composition file, which includes the security names and share quantities to deliver in exchange for Shares, together with estimates and actual cash components, is disseminated publicly each day 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 The Bank of New York Mellon ("BNYM" or the "Administrator") will not disseminate non-public information concerning the Trust.

Access to information concerning the Funds' portfolio holdings may be permitted at other times to personnel of third-party service providers, including the Funds' custodian, transfer agent, auditors and counsel, as may be necessary to conduct business in the ordinary course in a manner consistent with such service providers' agreements with the Trust on behalf of the Funds.

## MANAGEMENT

The primary responsibility of the Board is to represent the interests of the Funds and to provide oversight of the management of the Funds. The Trust currently has seven Trustees. Five Trustees are "non-interested" and 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 (the "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").

<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 During Past 5 Years</u>
Ronn R. Bagge (53) c/o Invesco PowerShares Capital Management LLC 301 West Roosevelt Road Wheaton, IL 60187	Trustee	Since 2003	Founder and Principal, YQA Capital Management LLC (1998-Present); formerly Owner/CEO of Electronic Dynamic Balancing Co., Inc. (high-speed rotating equipment service provider).	113	None
Todd J. Barre (53) c/o Invesco PowerShares Capital Management LLC 301 West Roosevelt Road Wheaton, IL 60187	Trustee	Since 2010	Assistant Professor of Business, Trinity Christian College (2010-Present); formerly Vice President and Senior Investment Strategist (2001-2008), Director of Open Architecture and Trading (2007-2008), Head of Fundamental Research (2004-2007) and Vice President and Senior Fixed Income Strategist (1994-2001), BMO Financial Group/Harris Private Bank.	113	None
Marc M. Kole (51) 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).	113	None
Philip M. Nussbaum (49) c/o Invesco PowerShares Capital Management LLC 301 West Roosevelt Road Wheaton, IL 60187	Trustee	Since 2003	Chairman, Performance Trust Capital Partners (2004-present)	113	None
Donald H. Wilson (51) c/o Invesco PowerShares Capital Management LLC 301 West Roosevelt Road Wheaton, IL 60187	Trustee	Since 2006	Chairman and Chief Executive Officer, Stone Pillar Advisers, Ltd. (2010-Present); formerly Chief Operating Officer, AMCORE Financial, Inc. (bank holding company) (2007-2009); Executive Vice President and Chief Financial Officer, AMCORE Financial, Inc. (2006-2007); Senior Vice President and Treasurer, Marshall & Ilsley Corp. (bank holding company) (1995-2006).	113	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 in Past 5 Years</u>
H. Bruce Bond (48) 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)	113	None
Kevin M. Carome (54) Invesco Ltd. Two Peachtree Pointe 1555 Peachtree St., N.E., Suite 1800 Atlanta, GA 30309	Trustee	Since 2010	Senior Managing Director and General Counsel, Invesco Ltd. (2006-Present); formerly, Senior Vice President and General Counsel, Invesco Advisors, Inc. (2003-2005); Senior Vice President and General Counsel, Liberty Financial Companies, Inc. (2000-2001); General Counsel of certain investment management subsidiaries of Liberty Financial Companies, Inc. (1998-2000); Associate General Counsel, Liberty Financial Companies, Inc. (1993-1998); Associate, Ropes & Gray LLP	113	None

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

Information about the Trust's Officers is shown below:

<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 (36) Invesco Management Group, Inc. 11 Greenway Plaza Suite 100 Houston, TX 77046	President	Since 2009	Managing Director, U.S. head of business strategy and chief marketing officer for Invesco Ltd. in the United States (2008-Present); formerly, Mr. Schlossberg served in multiple roles within Invesco, including head of corporate development, as well as global leadership roles in strategy and product development in the company's North American Institutional and Retirement divisions (2002-2007).

<b>Name, Address and Age of Executive Officer</b>	<b>Position(s) Held with Trust</b>	<b>Length of Time Served*</b>	<b>Principal Occupation(s) During Past 5 Years</b>
Sheri Morris (47) Invesco Management Group, Inc. 11 Greenway Plaza Suite 100 Houston, TX 77046	Treasurer	Since 2011	Vice President, Treasurer and Principal Financial Officer, the Invesco Funds; Vice President, Invesco Advisers, Inc. (formerly known as Invesco Institutional (N.A.), Inc.) (registered investment adviser) and Treasurer, PowerShares Exchange-Traded Fund Trust, PowerShares Exchange-Traded Fund Trust II, PowerShares India Exchange-Traded Fund Trust and PowerShares Actively Managed Exchange-Traded Fund Trust; formerly Vice President, Invesco Advisers, Inc., Invesco Aim Capital Management, Inc. and Invesco Aim Private Asset Management, Inc.; formerly Assistant Vice President and Assistant Treasurer, the Invesco Funds and Assistant Vice President, Invesco Advisers, Inc., Invesco Aim Capital Management, Inc. and Invesco Aim Private Asset Management, Inc.
Anna Paglia (37) Invesco PowerShares Capital Management LLC 301 West Roosevelt Road Wheaton, IL 60187	Secretary	Since 2011	Partner, K&L Gates LLP (formerly, Bell Boyd & Lloyd LLP) (2007-2010); Associate, Counsel at Barclays Global Investors Ltd. (2004-2006).
Benjamin Fulton (49) Invesco PowerShares Capital Management LLC 301 West Roosevelt Road Wheaton, IL 60187	Vice President	Since 2009	Executive Vice President—Global Product Development, Invesco PowerShares Capital Management LLC (2005-Present); formerly, principal of Clermont Consulting, a consulting firm focused on the creation and development of retail investment products (2003-2005); President and a founding partner of Claymore Securities, a financial services firm in the Chicagoland area (2001-2003); Managing Director of Structured Investments at Nuveen Investments (1998-2001).
Peter Hubbard (29) Invesco PowerShares Capital Management LLC 301 West Roosevelt Road Wheaton, IL 60187	Vice President	Since 2009	Vice President and Director of Portfolio Management—Invesco PowerShares Capital Management LLC (2008-Present); formerly, Portfolio Manager, Invesco PowerShares Capital Management LLC (2007-2008); Research Analyst, Invesco PowerShares Capital Management LLC (2005-2007); Research Analyst and Trader, Ritchie Capital, a hedge fund operator (2003-2005).
David Warren (53) Invesco Trimark Ltd. 5140 Yonge Street Suite 900 Toronto, Ontario M2N 6X7	Vice President	Since 2009	Director, Executive Vice President and Chief Financial Officer, Invesco Trimark Ltd. and Chief Administrative Officer, North American Retail, Invesco Ltd. (2007-Present); formerly, Director, Executive Vice President and Chief Financial Officer, Invesco Trimark Ltd. (2000-2006).
Todd L. Spillane (52) 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 Advisors, 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 that the Trustee beneficially owned in the Trust and in all registered investment companies the Trustee oversees as of December 31, 2010 is shown below.

<u>Name of Trustee</u>	<u>Dollar Range of Equity Securities in the PowerShares Aerospace &amp; 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 the 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 &amp; Genome Portfolio</u>
Ronn R. Bagge	\$50,001-\$100,000	None	None	None
Todd J. Barre	None	None	\$10,001-\$50,000	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 &amp; 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 &amp; 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 &amp; 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	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 Industrials Sector Portfolio</u>	<u>Dollar Range of Equity Securities in the PowerShares Dynamic Insurance Portfolio</u>	<u>Dollar Range of Equity Securities in PowerShares Dynamic Large Cap Growth Portfolio</u>	<u>Dollar Range of Equity Securities in the PowerShares Dynamic Large Cap Value Portfolio</u>
Ronn R. Bagge	None	None	None	None
Todd J. Barre	None	None	None	None
Marc M. Kole	None	None	None	Over \$100,000
Philip M. Nussbaum	None	None	None	None
Donald H. Wilson	None	None	Over \$100,000	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 Leisure and Entertainment Portfolio</u>	<u>Dollar Range of Equity Securities in the PowerShares Dynamic MagniQuant Portfolio</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>
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	Over \$100,000	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 Networking Portfolio</u>	<u>Dollar Range of Equity Securities in the PowerShares Dynamic Oil &amp; Gas Services Portfolio</u>	<u>Dollar Range of Equity Securities in the PowerShares Dynamic OTC Portfolio</u>	<u>Dollar Range of Equity Securities in the PowerShares Dynamic Pharmaceuticals 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	\$10,001-\$50,000	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 Retail Portfolio</u>	<u>Dollar Range of Equity Securities in the PowerShares Dynamic Semiconductors Portfolio</u>	<u>Dollar Range of Equity Securities in the PowerShares Dynamic Software Portfolio</u>	<u>Dollar Range of Equity Securities in the PowerShares Dynamic Technology Sector 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 Utilities Portfolio</u>	<u>Dollar Range of Equity Securities in the PowerShares Dynamic Financial Preferred Portfolio</u>	<u>Dollar Range of Equity Securities in the PowerShares FTSE RAFI US 1000 Portfolio</u>	<u>Dollar Range of Equity Securities in the PowerShares FTSE RAFI US 1500 Small-Mid Portfolio</u>
Ronn R. Bagge	None	\$10,001-\$50,000	None	\$10,001-\$50,000
Todd J. Barre	None	None	\$10,001-\$50,000	\$10,001-\$50,000
Marc M. Kole	\$10,001-\$50,000	None	None	None
Philip M. Nussbaum	None	\$50,001-\$100,000	Over \$100,000	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 Fundamental Pure Large Core Portfolio</u>	<u>Dollar Range of Equity Securities in the PowerShares Fundamental Pure Large Growth Portfolio</u>	<u>Dollar Range of Equity Securities in the PowerShares Fundamental Pure Large Value Portfolio</u>	<u>Dollar Range of Equity Securities in the PowerShares Fundamental Pure Mid Growth Portfolio</u>
Ronn R. Bagge	None	None	None	None
Todd J. Barre	\$10,001-\$50,000	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 Fundamental Pure Mid Core Portfolio</u>	<u>Dollar Range of Equity Securities in the PowerShares Fundamental Pure Mid Value Portfolio</u>	<u>Dollar Range of Equity Securities in the PowerShares Fundamental Pure Small Growth Portfolio</u>	<u>Dollar Range of Equity Securities in the PowerShares Fundamental Pure Small Core 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	Over \$100,000	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 Fundamental Pure Small Value Portfolio</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 Golden Dragon Halter USX China Portfolio</u>	<u>Dollar Range of Equity Securities in the PowerShares High Yield Equity 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	\$50,001-\$100,000	None
Donald H. Wilson	\$10,001-\$50,000	None	None	\$10,001-\$50,000
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 International Dividend Achievers™ 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 StockInvestor Core Portfolio</u>	<u>Dollar Range of Equity Securities in the PowerShares NASDAQ Internet 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	Over \$100,000	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 S&amp;P 500 BuyWrite Portfolio</u>	<u>Dollar Range of Equity Securities in PowerShares S&amp;P 500® High Quality Portfolio</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>
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	Over \$100,000	\$50,001-\$100,000
Donald H. Wilson	None	None	\$1-\$10,000	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 WilderHill Progressive Energy Portfolio</u>	<u>Dollar Range of Equity Securities in the PowerShares Zacks Micro 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	None	Over \$100,000
Todd J. Barre	None	None	Over \$100,000
Marc M. Kole	None	None	Over \$100,000
Philip M. Nussbaum	None	\$50,001-\$100,000	Over \$100,000
Donald H. Wilson	None	None	Over \$100,000
H. Bruce Bond	None	None	None
Kevin M. Carome	None	None	None

Under the Trust's deferred compensation plan ("DC Plan"), the amount of compensation that an Independent Trustee defers is adjusted periodically as though an equivalent amount of compensation had been invested in Shares of one or more of the Funds. The dollar range of Shares for Mr. Bagge and Mr. Nussbaum includes Shares of certain Funds in which each of Mr. Bagge and Mr. Nussbaum is deemed to be invested pursuant to the DC Plan, which is described below.

As of December 31, 2010, 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 the Funds, 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 the Funds.

*Board and Committee Structure.* As noted above, the Board is responsible for oversight of each Fund, including oversight of the duties performed by the Adviser for each 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, 2011, the Board held eight 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 over financial reporting. During the fiscal year ended April 30, 2011, the Audit Committee held four 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, 2011, the Nominating and Governance Committee held four meetings.

Mr. Bond, one of the Interested Trustees, serves as chairman of the Board. Mr. Wilson serves as the lead Independent Trustee. The lead Independent Trustee serves as a liaison between, and facilitates communication among, the other Independent Trustees and the Interested Trustees, the Adviser and other service providers with respect to Board matters. The lead Independent Trustee also reviews and provides input on the agendas for Board meetings and serves as chairman for meetings of the Independent Trustees. Mr. Kole serves as chairman of the Audit Committee and Mr. Bagge serves as chairman of the Nominating and Governance Committee. The chairmen of the Audit Committee and Nominating and Governance Committee also serve as liaisons between the Adviser and other service providers and the other Independent Trustees for matters pertaining to the respective Committee. The Board regularly reviews its Committee structure and membership and believes that the Board's current leadership structure is appropriate based on the assets and number of Funds overseen by the Trustees, the size of the Board and the nature of the Funds' business.

*Risk Oversight.* Each 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 a 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 a 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, a Fund's investment objective, policies and restrictions, and reviews any areas of non-compliance with a 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 those 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 the educational, business and professional experience of trustee candidates and the candidates' expected contributions to the Board. Trustees selected to serve on the Board are expected to possess relevant skills and experience, time availability and the ability to work well with the other Trustees. In addition to those qualities and based on each Trustee's experience, qualifications and attributes, the

following is a brief summary of the information that led to the conclusion that each Board member should serve as a Trustee.

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 2001. He began his career as a securities analyst for institutional investors, including CT&T Asset Management and J.C. Bradford & Co. The Board considered that Mr. Bagge has served as a board member or advisor for several privately held businesses and charitable organizations and the executive, investment and operations experience that Mr. Bagge has gained over the course of his career and through his financial industry experience.

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 the Manager of Investments at Commonwealth Edison Co. He also was a staff accountant at Peat Marwick Mitchell & Co. from 1981 to 1983. The Board considered the executive, financial and investment experience that Mr. Barre has gained over the course of his career and through his financial industry experience.

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. The Board considered Mr. Bond's experience with exchange-traded funds and the fact that he was the founder of the Adviser.

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. The Board considered Mr. Carome's senior executive position with Invesco Ltd.

Mr. Kole has served as a trustee with the Fund Family since 2006 and Chairman of the Audit Committee since 2008. 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 has determined that Mr. Kole is an "audit committee financial expert" as defined by the SEC. The Board considered the executive, financial and operations experience that Mr. Kole has gained over the course of his career and through his financial industry experience.

Mr. Nussbaum has served as a trustee with the Fund Family since 2003. He has served as the Chairman of Performance Trust Capital Partners 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 has determined that Mr. Nussbaum is an "audit committee financial expert" as defined by the SEC. The Board considered the executive, financial, investment and operations experience that Mr. Nussbaum has gained over the course of his career and through his financial industry experience.

Mr. Wilson has served as a trustee with the Fund Family since 2006 and as lead Independent Trustee since 2011. 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 has determined that Mr. Wilson is an “audit committee financial expert” as defined by the SEC. The Board considered the executive, financial and operations experience that Mr. Wilson has gained over the course of his career and through his financial industry experience.

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 table.

The trusts in the Fund Family pay each Independent Trustee an annual retainer of \$195,000 for his service as a 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. Effective January 1, 2011, the lead Independent Trustee receives an additional \$40,000 per year and, effective May 1, 2011, the chair of the Audit Committee receives an additional fee of \$25,000 per year and the chair of the Nominating and Governance Committee receives an additional fee of \$15,000 per year, all allocated in the same manner as the Retainer. Prior to May 1, 2011, each Committee chair received an additional \$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 and committee meetings.

The DC Plan allows each Independent Trustee to defer payment of all, or a portion, of the fees the Trustee receives for serving on the Board throughout the year. Each eligible Trustee generally may elect to have deferred amounts credited with a return equal to the total return on one to five of the Funds or separate funds of PowerShares Exchange-Traded Fund 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, 2011:

<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	\$105,884	N/A	\$205,000
Todd J. Barre	\$100,719	N/A	\$195,000
Marc M. Kole	\$105,884	N/A	\$205,000
Philip M. Nussbaum	\$100,719	N/A	\$195,000
Donald H. Wilson	\$107,606	N/A	\$208,333
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 funds of the trusts in the Fund Family for the fiscal year ended April 30, 2011 before deferral by the Trustees under the DC Plan. For the fiscal year April 30, 2011, Mr. Bagge deferred 10% of his compensation and Mr. Nussbaum deferred 100% of his compensation, which amounts are reflected in the above table.

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.

*Principal Holders and 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 July 31, 2011:

#### **POWERSHARES DYNAMIC MARKET PORTFOLIO**

<u>Name &amp; Address</u>	<u>% Owned</u>
Citigroup Global Markets Inc. 333 W. 34th Street New York, NY 10001	9.59%
American Enterprise Investment Services Inc. 2178 AXP Financial Center Minneapolis, MN 55474	16.54%
First Clearing, LLC 901 E. Byrd Street Richmond, VA 23219	8.18%
Merrill Lynch Professional 4 Corporate Place Piscataway, NJ 08854	8.42%
Charles Schwab & Co., Inc. 211 Main Street San Francisco, CA 94105	12.81%
National Financial Services LLC 200 Liberty Street New York, NY 10281	8.01%

#### **POWERSHARES DWA TECHNICAL LEADERS PORTFOLIO**

<u>Name &amp; Address</u>	<u>% Owned</u>
First Clearing, LLC 901 E. Byrd Street Richmond, VA 23219	17.59%
UBS Financial Services LLC 1200 Harbor Blvd. Weehawken, NJ 07086	6.08%
Citigroup Global Markets Inc. 333 W. 34th Street New York, NY 10001	12.47%
National Financial Services LLC 200 Liberty Street New York, NY 10281	6.72%
Raymond, James & Associates, Inc. 880 Carilion Parkway St. Petersburg, FL 33716	10.08%
Charles Schwab & Co., Inc. 211 Main Street San Francisco, CA 94105	6.54%
Merrill Lynch Professional 4 Corporate Place Piscataway, NJ 08854	8.29%
Morgan Stanley DW Inc 1585 Broadway New York, NY 10036	6.84%

### POWERSHARES WILDERHILL PROGRESSIVE ENERGY PORTFOLIO

<u>Name &amp; Address</u>	<u>% Owned</u>
Citigroup Global Markets Inc. 333 W. 34th Street New York, NY 10001	8.41%
National Financial Services LLC 200 Liberty Street New York, NY 10281	11.84%
Pershing LLC 1 Pershing Plaza Jersey City, NJ 07399	5.25%
Charles Schwab & Co., Inc. 211 Main Street San Francisco, CA 94105	13.88%
Merrill Lynch Professional 4 Corporate Place Piscataway, NJ 08854	8.84%
First Clearing, LLC 901 E. Byrd Street Richmond, VA 23219	9.40%

### POWERSHARES MORNINGSTAR STOCKINVESTOR CORE PORTFOLIO

<u>Name &amp; Address</u>	<u>% Owned</u>
Charles Schwab & Co., Inc. 211 Main Street San Francisco, CA 94105	13.77%
Merrill Lynch, Pierce, Fenner & Smith Incorporated 4 Corporate Place Piscataway, NJ 08854	5.54%
National Financial Services LLC 200 Liberty Street New York, NY 10281	15.74%
American Enterprise Investment Services Inc. 2178 AXP Financial Center Minneapolis, MN 55474	15.16%
First Clearing, LLC 901 E. Byrd Street Richmond, VA 23219	12.54%

### POWERSHARES GLOBAL LISTED PRIVATE EQUITY PORTFOLIO

<u>Name &amp; Address</u>	<u>% Owned</u>
Charles Schwab & Co., Inc. 211 Main Street San Francisco, CA 94105	5.96%
Merrill Lynch Professional 4 Corporate Place Piscataway, NJ 08854	7.88%
Wells Fargo Bank, National Association 800 Walnut St. Des Moines, IA 50309	29.13%

## POWERSHARES DYNAMIC OTC PORTFOLIO

<u>Name &amp; Address</u>	<u>% Owned</u>
Citigroup Global Markets Inc. 333 W. 34th Street New York, NY 10001	10.35%
First Clearing, LLC 901 E. Byrd Street Richmond, VA 23219	18.13%
American Enterprise Investment Services Inc. 2178 AXP Financial Center Minneapolis, MN 55474	7.37%
Merrill Lynch Professional 4 Corporate Place Piscataway, NJ 08854	13.83%
Merrill Lynch, Pierce, Fenner & Smith Incorporated 4 Corporate Place Piscataway, NJ 08854	6.58%
National Financial Services LLC 200 Liberty Street New York, NY 10281	7.63%

## POWERSHARES FINANCIAL PREFERRED PORTFOLIO

<u>Name &amp; Address</u>	<u>% Owned</u>
Charles Schwab & Co., Inc. 211 Main Street San Francisco, CA 94105	12.63%
Merrill Lynch Professional 4 Corporate Place Piscataway, NJ 08854	12.61%
National Financial Services LLC 200 Liberty Street New York, NY 10281	12.96%
Citigroup Global Markets Inc. 333 W. 34th Street New York, NY 10001	6.39%
First Clearing, LLC 901 E. Byrd Street Richmond, VA 23219	9.66%
Morgan Stanley DW Inc 1585 Broadway New York, NY 10036	5.04%
Pershing LLC 1 Pershing Plaza Jersey City, NJ 07399	5.03%

## POWERSHARES CLEANTECH PORTFOLIO

<u>Name &amp; Address</u>	<u>% Owned</u>
Charles Schwab & Co., Inc. 211 Main Street San Francisco, CA 94105	15.49%

### POWERSHARES CLEANTECH PORTFOLIO (continued)

<u>Name &amp; Address</u>	<u>% Owned</u>
National Financial Services LLC 200 Liberty Street New York, NY 10281	6.66%
Merrill Lynch Professional 4 Corporate Place Piscataway, NJ 08854	6.63%
Brown Brothers Harriman & Co. 525 Washington Ave Jersey City, NJ 07302	18.05%

### POWERSHARES BUYBACK ACHIEVERS PORTFOLIO

<u>Name &amp; Address</u>	<u>% Owned</u>
Charles Schwab & Co., Inc. 211 Main Street San Francisco, CA 94105	15.61%
National Financial Services LLC 200 Liberty Street New York, NY 10281	9.05%
American Enterprise Investment Services Inc. 2178 AXP Financial Center Minneapolis, MN 55474	5.25%
Citigroup Global Markets Inc. 333 W. 34th Street New York, NY 10001	5.02%
First Clearing, LLC 901 E. Byrd Street Richmond, VA 23219	8.46%
Merrill Lynch Professional 4 Corporate Place Piscataway, NJ 08854	15.84%
Pershing LLC 1 Pershing Plaza Jersey City, NJ 07399	5.42%

### POWERSHARES HIGH YIELD EQUITY DIVIDEND ACHIEVERS PORTFOLIO

<u>Name &amp; Address</u>	<u>% Owned</u>
First Clearing, LLC 901 E. Byrd Street Richmond, VA 23219	7.99%
National Financial Services LLC 200 Liberty Street New York, NY 10281	8.82%
Charles Schwab & Co., Inc. 211 Main Street San Francisco, CA 94105	14.70%
Merrill Lynch Professional 4 Corporate Place Piscataway, NJ 08854	9.73%

**POWERSHARES HIGH YIELD EQUITY DIVIDEND ACHIEVERS PORTFOLIO (continued)**

<u>Name &amp; Address</u>	<u>% Owned</u>
Brown Brothers Harriman & Co. 525 Washington Ave Jersey City, NJ 07302	8.46%
Pershing LLC 1 Pershing Plaza Jersey City, NJ 07399	6.51%

**POWERSHARES DYNAMIC BANKING PORTFOLIO**

<u>Name &amp; Address</u>	<u>% Owned</u>
Merrill Lynch, Pierce, Fenner & Smith Incorporated 4 Corporate Place Piscataway, NJ 08854	8.28%
Pershing LLC 1 Pershing Plaza Jersey City, NJ 07399	5.37%
Charles Schwab & Co., Inc. 211 Main Street San Francisco, CA 94105	5.34%
National Financial Services LLC 200 Liberty Street New York, NY 10281	8.66%
First Clearing, LLC 901 E. Byrd Street Richmond, VA 23219	18.04%
Merrill Lynch Professional 4 Corporate Place Piscataway, NJ 08854	5.44%
UBS Financial Services LLC 1200 Harbor Blvd. Weehawken, NJ 07086	5.95%

**POWERSHARES DYNAMIC TECHNOLOGY SECTOR PORTFOLIO**

<u>Name &amp; Address</u>	<u>% Owned</u>
First Clearing, LLC 901 E. Byrd Street Richmond, VA 23219	15.17%
Merrill Lynch Professional 4 Corporate Place Piscataway, NJ 08854	17.28%
Morgan Stanley DW Inc 1585 Broadway New York, NY 10036	6.95%
UBS Financial Services LLC 1200 Harbor Blvd. Weehawken, NJ 07086	8.26%
Bank of New York The One Wall Street New York, NY 10286	9.19%

### **POWERSHARES DYNAMIC TECHNOLOGY SECTOR PORTFOLIO (continued)**

<u>Name &amp; Address</u>	<u>% Owned</u>
Charles Schwab & Co., Inc. 211 Main Street San Francisco, CA 94105	8.45%
Citigroup Global Markets Inc. 333 W. 34th Street New York, NY 10001	5.03%
National Financial Services LLC 200 Liberty Street New York, NY 10281	6.34%

### **POWERSHARES DYNAMIC HEALTHCARE SECTOR PORTFOLIO**

<u>Name &amp; Address</u>	<u>% Owned</u>
Charles Schwab & Co., Inc. 211 Main Street San Francisco, CA 94105	7.15%
First Clearing, LLC 901 E. Byrd Street Richmond, VA 23219	19.92%
National Financial Services LLC 200 Liberty Street New York, NY 10281	5.64%
Merrill Lynch Professional 4 Corporate Place Piscataway, NJ 08854	26.14%
Raymond, James & Associates, Inc. 880 Carilion Parkway St. Petersburg, FL 33716	5.14%

### **POWERSHARES DYNAMIC INDUSTRIALS SECTOR PORTFOLIO**

<u>Name &amp; Address</u>	<u>% Owned</u>
Charles Schwab & Co., Inc. 211 Main Street San Francisco, CA 94105	13.51%
Brown Brothers Harriman & Co. 525 Washington Ave Jersey City, NJ 07302	34.20%
First Clearing, LLC 901 E. Byrd Street Richmond, VA 23219	11.88%

### **POWERSHARES DYNAMIC FINANCIAL SECTOR PORTFOLIO**

<u>Name &amp; Address</u>	<u>% Owned</u>
First Clearing, LLC 901 E. Byrd Street Richmond, VA 23219	21.27%
Merrill Lynch Professional 4 Corporate Place Piscataway, NJ 08854	12.85%

### POWERSHARES DYNAMIC FINANCIAL SECTOR PORTFOLIO (continued)

<u>Name &amp; Address</u>	<u>% Owned</u>
National Financial Services LLC 200 Liberty Street New York, NY 10281	5.88%
Charles Schwab & Co., Inc. 211 Main Street San Francisco, CA 94105	10.73%
Bank of New York The One Wall Street New York, NY 10286	9.77%
Pershing LLC 1 Pershing Plaza Jersey City, NJ 07399	8.39%

### POWERSHARES DYNAMIC ENERGY SECTOR PORTFOLIO

<u>Name &amp; Address</u>	<u>% Owned</u>
National Financial Services LLC 200 Liberty Street New York, NY 10281	12.76%
Ameritrade, Inc. 4211 South 102nd Street Omaha, NE 68127	7.36%
Charles Schwab & Co., Inc. 211 Main Street San Francisco, CA 94105	12.49%
First Clearing, LLC 901 E. Byrd Street Richmond, VA 23219	14.42%
Merrill Lynch Professional 4 Corporate Place Piscataway, NJ 08854	6.81%
Pershing LLC 1 Pershing Plaza Jersey City, NJ 07399	11.23%

### POWERSHARES DYNAMIC CONSUMER STAPLES SECTOR PORTFOLIO

<u>Name &amp; Address</u>	<u>% Owned</u>
Charles Schwab & Co., Inc. 211 Main Street San Francisco, CA 94105	5.79%
First Clearing, LLC 901 E. Byrd Street Richmond, VA 23219	13.13%
Merrill Lynch Professional 4 Corporate Place Piscataway, NJ 08854	14.57%
National Financial Services LLC 200 Liberty Street New York, NY 10281	5.34%

**POWERSHARES DYNAMIC CONSUMER STAPLES SECTOR PORTFOLIO (continued)**

<u>Name &amp; Address</u>	<u>% Owned</u>
Ameritrade, Inc. 4211 South 102nd Street Omaha, NE 68127	5.51%
Merrill Lynch, Pierce, Fenner & Smith Incorporated 4 Corporate Place Piscataway, NJ 08854	7.32%
Pershing LLC 1 Pershing Plaza Jersey City, NJ 07399	16.55%

**POWERSHARES GOLDEN DRAGON HALTER USX CHINA PORTFOLIO**

<u>Name &amp; Address</u>	<u>% Owned</u>
Charles Schwab & Co., Inc. 211 Main Street San Francisco, CA 94105	16.17%
National Financial Services LLC 200 Liberty Street New York, NY 10281	13.06%
Ameritrade, Inc. 4211 South 102nd Street Omaha, NE 68127	7.01%
First Clearing, LLC 901 E. Byrd Street Richmond, VA 23219	5.67%
Merrill Lynch Professional 4 Corporate Place Piscataway, NJ 08854	6.91%

**POWERSHARES DYNAMIC CONSUMER DISCRETIONARY SECTOR PORTFOLIO**

<u>Name &amp; Address</u>	<u>% Owned</u>
Charles Schwab & Co., Inc. 211 Main Street San Francisco, CA 94105	9.24%
First Clearing, LLC 901 E. Byrd Street Richmond, VA 23219	30.09%
Merrill Lynch Professional 4 Corporate Place Piscataway, NJ 08854	10.48%
Bank of New York The One Wall Street New York, NY 10286	8.45%
Merrill Lynch, Pierce, Fenner & Smith Incorporated 4 Corporate Place Piscataway, NJ 08854	10.66%
Pershing LLC 1 Pershing Plaza Jersey City, NJ 07399	5.69%

## POWERSHARES DYNAMIC BASIC MATERIALS SECTOR PORTFOLIO

<u>Name &amp; Address</u>	<u>% Owned</u>
National Financial Services LLC 200 Liberty Street New York, NY 10281	6.00%
Charles Schwab & Co., Inc. 211 Main Street San Francisco, CA 94105	16.51%
Citigroup Global Markets Inc. 333 W. 34th Street New York, NY 10001	5.11%
First Clearing, LLC 901 E. Byrd Street Richmond, VA 23219	29.31%
Pershing LLC 1 Pershing Plaza Jersey City, NJ 07399	9.27%

## POWERSHARES FUNDAMENTAL PURE SMALL CORE PORTFOLIO

<u>Name &amp; Address</u>	<u>% Owned</u>
Citigroup Global Markets Inc. 333 W. 34th Street New York, NY 10001	7.19%
Merrill Lynch Professional 4 Corporate Place Piscataway, NJ 08854	10.23%
National Financial Services LLC 200 Liberty Street New York, NY 10281	6.92%
Pershing LLC 1 Pershing Plaza Jersey City, NJ 07399	11.81%
First Clearing, LLC 901 E. Byrd Street Richmond, VA 23219	17.22%
Merrill Lynch, Pierce, Fenner & Smith Incorporated 4 Corporate Place Piscataway, NJ 08854	13.91%

## POWERSHARES FUNDAMENTAL PURE MID CORE PORTFOLIO

<u>Name &amp; Address</u>	<u>% Owned</u>
Charles Schwab & Co., Inc. 211 Main Street San Francisco, CA 94105	5.44%
First Clearing, LLC 901 E. Byrd Street Richmond, VA 23219	5.99%
Pershing LLC 1 Pershing Plaza Jersey City, NJ 07399	15.15%

### POWERSHARES FUNDAMENTAL PURE MID CORE PORTFOLIO (continued)

<u>Name &amp; Address</u>	<u>% Owned</u>
UBS Financial Services LLC 1200 Harbor Blvd. Weehawken, NJ 07086	5.53%
Ameritrade, Inc. 4211 South 102nd Street Omaha, NE 68127	5.12%
Merrill Lynch, Pierce, Fenner & Smith Incorporated 4 Corporate Place Piscataway, NJ 08854	8.81%
Raymond, James & Associates, Inc. 880 Carilion Parkway St. Petersburg, FL 33716	8.84%
Citigroup Global Markets Inc. 333 W. 34th Street New York, NY 10001	7.38%
Merrill Lynch Professional 4 Corporate Place Piscataway, NJ 08854	9.45%

### POWERSHARES FUNDAMENTAL PURE LARGE CORE PORTFOLIO

<u>Name &amp; Address</u>	<u>% Owned</u>
Merrill Lynch Professional 4 Corporate Place Piscataway, NJ 08854	16.43%
National Financial Services LLC 200 Liberty Street New York, NY 10281	7.90%
American Enterprise Investment Services Inc. 2178 AXP Financial Center Minneapolis, MN 55474	11.37%
Merrill Lynch, Pierce, Fenner & Smith Incorporated 4 Corporate Place Piscataway, NJ 08854	5.71%
Pershing LLC 1 Pershing Plaza Jersey City, NJ 07399	15.06%

### POWERSHARES DYNAMIC MAGNIQUANT PORTFOLIO

<u>Name &amp; Address</u>	<u>% Owned</u>
Citigroup Global Markets Inc. 333 W. 34th Street New York, NY 10001	32.16%
Merrill Lynch Professional 4 Corporate Place Piscataway, NJ 08854	10.70%
National Financial Services LLC 200 Liberty Street New York, NY 10281	7.08%
First Clearing, LLC 901 E. Byrd Street Richmond, VA 23219	11.26%

## POWERSHARES WILDERHILL CLEAN ENERGY PORTFOLIO

<u>Name &amp; Address</u>	<u>% Owned</u>
Charles Schwab & Co., Inc. 211 Main Street San Francisco, CA 94105	9.86%
Citibank, N.A. 333 W. 34th Street New York, NY 10001	6.40%
National Financial Services LLC 200 Liberty Street New York, NY 10281	8.38%
Brown Brothers Harriman & Co. 525 Washington Ave Jersey City, NJ 07302	5.42%
First Clearing, LLC 901 E. Byrd Street Richmond, VA 23219	5.49%
Merrill Lynch Professional 4 Corporate Place Piscataway, NJ 08854	7.42%
Pershing LLC 1 Pershing Plaza Jersey City, NJ 07399	5.24%

## POWERSHARES FTSE RAFI US 1500 SMALL-MID PORTFOLIO

<u>Name &amp; Address</u>	<u>% Owned</u>
Bank of America, National Association 100 North Tryon Street Charlotte, NC 28255	6.22%
Merrill Lynch Professional 4 Corporate Place Piscataway, NJ 08854	6.85%
American Enterprise Investment Services Inc. 2178 AXP Financial Center Minneapolis, MN 55474	5.87%
First Clearing, LLC 901 E. Byrd Street Richmond, VA 23219	6.34%
Ameritrade, Inc. 4211 South 102nd Street Omaha, NE 68127	7.41%
Charles Schwab & Co., Inc. 211 Main Street San Francisco, CA 94105	23.03%
National Financial Services LLC 200 Liberty Street New York, NY 10281	10.80%

### POWERSHARES WATER RESOURCES PORTFOLIO

<u>Name &amp; Address</u>	<u>% Owned</u>
Brown Brothers Harriman & Co. 525 Washington Ave Jersey City, NJ 07302	6.83%
Charles Schwab & Co., Inc. 211 Main Street San Francisco, CA 94105	9.78%
Bank of America, National Association 100 North Tryon Street Charlotte, NC 28255	7.93%
Merrill Lynch Professional 4 Corporate Place Piscataway, NJ 08854	8.03%
National Financial Services LLC 200 Liberty Street New York, NY 10281	8.93%
Pershing LLC 1 Pershing Plaza Jersey City, NJ 07399	6.88%

### POWERSHARES FTSE RAFI US 1000 PORTFOLIO

<u>Name &amp; Address</u>	<u>% Owned</u>
Charles Schwab & Co., Inc. 211 Main Street San Francisco, CA 94105	26.23%
National Financial Services LLC 200 Liberty Street New York, NY 10281	12.11%
Bank of New York The One Wall Street New York, NY 10286	7.07%
Merrill Lynch Professional 4 Corporate Place Piscataway, NJ 08854	5.31%

### POWERSHARES DYNAMIC UTILITIES PORTFOLIO

<u>Name &amp; Address</u>	<u>% Owned</u>
First Clearing, LLC 901 E. Byrd Street Richmond, VA 23219	7.73%
National Financial Services LLC 200 Liberty Street New York, NY 10281	58.09%
Charles Schwab & Co., Inc. 211 Main Street San Francisco, CA 94105	8.29%

## POWERSHARES DYNAMIC LARGE CAP GROWTH PORTFOLIO

<u>Name &amp; Address</u>	<u>% Owned</u>
Charles Schwab & Co., Inc. 211 Main Street San Francisco, CA 94105	17.06%
Citigroup Global Markets Inc. 333 W. 34th Street New York, NY 10001	10.90%
First Clearing, LLC 901 E. Byrd Street Richmond, VA 23219	9.55%
Merrill Lynch Professional 4 Corporate Place Piscataway, NJ 08854	22.58%
National Financial Services LLC 200 Liberty Street New York, NY 10281	5.64%
UBS Financial Services LLC 1200 Harbor Blvd. Weehawken, NJ 07086	5.71%

## POWERSHARES DYNAMIC RETAIL PORTFOLIO

<u>Name &amp; Address</u>	<u>% Owned</u>
Goldman, Sachs & Co. 30 Hudson Street Jersey City, NJ 07302	5.17%
Merrill Lynch Professional 4 Corporate Place Piscataway, NJ 08854	6.42%
Ameritrade, Inc. 4211 South 102nd Street Omaha, NE 68127	7.53%
American Enterprise Investment Services Inc. 2178 AXP Financial Center Minneapolis, MN 55474	5.81%
Charles Schwab & Co., Inc. 211 Main Street San Francisco, CA 94105	7.01%
Citigroup Global Markets Inc. 333 W. 34th Street New York, NY 10001	9.57%
First Clearing, LLC 901 E. Byrd Street Richmond, VA 23219	13.59%
Merrill Lynch, Pierce, Fenner & Smith Incorporated 4 Corporate Place Piscataway, NJ 08854	7.84%
National Financial Services LLC 200 Liberty Street New York, NY 10281	9.43%

## POWERSHARES DYNAMIC OIL & GAS SERVICES PORTFOLIO

<u>Name &amp; Address</u>	<u>% Owned</u>
Brown Brothers Harriman & Co. 525 Washington Ave Jersey City, NJ 07302	6.65%
First Clearing, LLC 901 E. Byrd Street Richmond, VA 23219	10.97%
Charles Schwab & Co., Inc. 211 Main Street San Francisco, CA 94105	15.54%
Merrill Lynch Professional 4 Corporate Place Piscataway, NJ 08854	7.24%
National Financial Services LLC 200 Liberty Street New York, NY 10281	10.72%

## POWERSHARES LUX NANOTECH PORTFOLIO

<u>Name &amp; Address</u>	<u>% Owned</u>
Brown Brothers Harriman & Co. 525 Washington Ave Jersey City, NJ 07302	7.90%
Charles Schwab & Co., Inc. 211 Main Street San Francisco, CA 94105	8.36%
First Clearing, LLC 901 E. Byrd Street Richmond, VA 23219	5.16%
National Financial Services LLC 200 Liberty Street New York, NY 10281	10.12%
JPMorgan Chase Bank, National Association 1111 Polaris Pky Columbus, OH 43240	9.63%
Merrill Lynch Professional 4 Corporate Place Piscataway, NJ 08854	6.03%

## POWERSHARES DYNAMIC INSURANCE PORTFOLIO

<u>Name &amp; Address</u>	<u>% Owned</u>
Merrill Lynch Professional 4 Corporate Place Piscataway, NJ 08854	7.64%
Charles Schwab & Co., Inc. 211 Main Street San Francisco, CA 94105	8.67%
Citigroup Global Markets Inc. 333 W. 34th Street New York, NY 10001	8.52%
First Clearing, LLC 901 E. Byrd Street Richmond, VA 23219	10.98%

### POWERSHARES DYNAMIC INSURANCE PORTFOLIO (continued)

<u>Name &amp; Address</u>	<u>% Owned</u>
National Financial Services LLC 200 Liberty Street New York, NY 10281	9.78%
Merrill Lynch, Pierce, Fenner & Smith Incorporated 4 Corporate Place Piscataway, NJ 08854	17.07%
Pershing LLC 1 Pershing Plaza Jersey City, NJ 07399	6.22%
RBC Dain Rauscher Inc. 60 S Sixth St. Minneapolis, MN 55402	5.62%

### POWERSHARES DYNAMIC ENERGY EXPLORATION & PRODUCTION PORTFOLIO

<u>Name &amp; Address</u>	<u>% Owned</u>
Charles Schwab & Co., Inc. 211 Main Street San Francisco, CA 94105	12.69%
First Clearing, LLC 901 E. Byrd Street Richmond, VA 23219	9.01%
Merrill Lynch Professional 4 Corporate Place Piscataway, NJ 08854	7.37%
National Financial Services LLC 200 Liberty Street New York, NY 10281	13.73%
Pershing LLC 1 Pershing Plaza Jersey City, NJ 07399	6.39%

### POWERSHARES DYNAMIC BUILDING & CONSTRUCTION PORTFOLIO

<u>Name &amp; Address</u>	<u>% Owned</u>
National Financial Services LLC 200 Liberty Street New York, NY 10281	6.44%
First Clearing, LLC 901 E. Byrd Street Richmond, VA 23219	7.82%
Charles Schwab & Co., Inc. 211 Main Street San Francisco, CA 94105	12.21%
Merrill Lynch Professional 4 Corporate Place Piscataway, NJ 08854	26.18%

## POWERSHARES S&P 500 HIGH QUALITY PORTFOLIO

<u>Name &amp; Address</u>	<u>% Owned</u>
Charles Schwab & Co., Inc. 211 Main Street San Francisco, CA 94105	33.06%
National Financial Services LLC 200 Liberty Street New York, NY 10281	7.67%
Brown Brothers Harriman & Co. 525 Washington Ave Jersey City, NJ 07302	13.55%
Merrill Lynch Professional 4 Corporate Place Piscataway, NJ 08854	8.07%

## POWERSHARES AEROSPACE & DEFENSE PORTFOLIO

<u>Name &amp; Address</u>	<u>% Owned</u>
Charles Schwab & Co., Inc. 211 Main Street San Francisco, CA 94105	18.40%
National Financial Services LLC 200 Liberty Street New York, NY 10281	10.03%
Citigroup Global Markets Inc. 333 W. 34th Street New York, NY 10001	10.35%
First Clearing, LLC 901 E. Byrd Street Richmond, VA 23219	6.04%
Linsco/Private Ledger Corp. 2810 Coliseum Centre Drive Charlotte, NC 28217	5.25%
Merrill Lynch Professional 4 Corporate Place Piscataway, NJ 08854	15.42%

## POWERSHARES DYNAMIC LARGE CAP VALUE PORTFOLIO

<u>Name &amp; Address</u>	<u>% Owned</u>
First Clearing, LLC 901 E. Byrd Street Richmond, VA 23219	8.36%
National Financial Services LLC 200 Liberty Street New York, NY 10281	9.28%
Pershing LLC 1 Pershing Plaza Jersey City, NJ 07399	6.90%
Citigroup Global Markets Inc. 333 W. 34th Street New York, NY 10001	11.88%
Merrill Lynch Professional 4 Corporate Place Piscataway, NJ 08854	10.63%

### POWERSHARES DYNAMIC LARGE CAP VALUE PORTFOLIO (continued)

<u>Name &amp; Address</u>	<u>% Owned</u>
Ameritrade, Inc. 4211 South 102nd Street Omaha, NE 68127	5.36%
Charles Schwab & Co., Inc. 211 Main Street San Francisco, CA 94105	15.30%

### POWERSHARES INTERNATIONAL DIVIDEND ACHIEVERS PORTFOLIO

<u>Name &amp; Address</u>	<u>% Owned</u>
Citigroup Global Markets Inc. 333 W. 34th Street New York, NY 10001	5.84%
First Clearing, LLC 901 E. Byrd Street Richmond, VA 23219	5.75%
National Financial Services LLC 200 Liberty Street New York, NY 10281	7.50%
Bank of New York The One Wall Street New York, NY 10286	5.16%
Merrill Lynch Professional 4 Corporate Place Piscataway, NJ 08854	7.45%
Pershing LLC 1 Pershing Plaza Jersey City, NJ 07399	5.39%
Charles Schwab & Co., Inc. 211 Main Street San Francisco, CA 94105	19.18%
State Street Bank and Trust Company One Lincoln Street Boston, MA 02111	10.39%

### POWERSHARES DIVIDEND ACHIEVERS PORTFOLIO

<u>Name &amp; Address</u>	<u>% Owned</u>
Bank of New York The One Wall Street New York, NY 10286	7.75%
National Financial Services LLC 200 Liberty Street New York, NY 10281	5.47%
Pershing LLC 1 Pershing Plaza Jersey City, NJ 07399	5.50%
Charles Schwab & Co., Inc. 211 Main Street San Francisco, CA 94105	7.88%

### POWERSHARES DIVIDEND ACHIEVERS PORTFOLIO (continued)

<u>Name &amp; Address</u>	<u>% Owned</u>
Merrill Lynch Professional 4 Corporate Place Piscataway, NJ 08854	6.85%
Morgan Stanley DW Inc 1585 Broadway New York, NY 10036	5.64%
Raymond, James & Associates, Inc. 880 Carilion Parkway St. Petersburg, FL 33716	9.84%
First Clearing, LLC 901 E. Byrd Street Richmond, VA 23219	11.32%
Robert W. Baird & Co. Incorporated 777 East Wisconsin Avenue Milwaukee, WI 53202	5.23%

### POWERSHARES ZACKS MICRO CAP PORTFOLIO

<u>Name &amp; Address</u>	<u>% Owned</u>
Charles Schwab & Co., Inc. 211 Main Street San Francisco, CA 94105	7.84%
First Clearing, LLC 901 E. Byrd Street Richmond, VA 23219	5.83%
National Financial Services LLC 200 Liberty Street New York, NY 10281	7.93%
Ameritrade, Inc. 4211 South 102nd Street Omaha, NE 68127	17.59%
Merrill Lynch Professional 4 Corporate Place Piscataway, NJ 08854	5.08%
Pershing LLC 1 Pershing Plaza Jersey City, NJ 07399	7.72%

### POWERSHARES DYNAMIC LEISURE AND ENTERTAINMENT PORTFOLIO

<u>Name &amp; Address</u>	<u>% Owned</u>
Morgan Keegan 50 North Front Street Memphis, TN 38103	10.16%
Pershing LLC 1 Pershing Plaza Jersey City, NJ 07399	10.28%
Raymond, James & Associates, Inc. 880 Carilion Parkway St. Petersburg, FL 33716	5.84%
Charles Schwab & Co., Inc. 211 Main Street San Francisco, CA 94105	6.23%

### **POWERSHARES DYNAMIC LEISURE AND ENTERTAINMENT PORTFOLIO (continued)**

<u>Name &amp; Address</u>	<u>% Owned</u>
Citigroup Global Markets Inc. 333 W. 34th Street New York, NY 10001	6.53%
Merrill Lynch Professional 4 Corporate Place Piscataway, NJ 08854	12.08%
Fifth Third Bank 38 Fountain Square Cincinnati, OH 45263	9.10%

### **POWERSHARES DYNAMIC SOFTWARE PORTFOLIO**

<u>Name &amp; Address</u>	<u>% Owned</u>
Citigroup Global Markets Inc. 333 W. 34th Street New York, NY 10001	6.56%
First Clearing, LLC 901 E. Byrd Street Richmond, VA 23219	10.58%
National Financial Services LLC 200 Liberty Street New York, NY 10281	6.38%
Merrill Lynch Professional 4 Corporate Place Piscataway, NJ 08854	15.78%
Pershing LLC 1 Pershing Plaza Jersey City, NJ 07399	6.27%
Charles Schwab & Co., Inc. 211 Main Street San Francisco, CA 94105	18.10%

### **POWERSHARES DYNAMIC SEMICONDUCTORS PORTFOLIO**

<u>Name &amp; Address</u>	<u>% Owned</u>
Charles Schwab & Co., Inc. 211 Main Street San Francisco, CA 94105	6.79%
First Clearing, LLC 901 E. Byrd Street Richmond, VA 23219	12.11%
Morgan Stanley DW Inc 1585 Broadway New York, NY 10036	8.83%
Citigroup Global Markets Inc. 333 W. 34th Street New York, NY 10001	15.78%
Merrill Lynch Professional 4 Corporate Place Piscataway, NJ 08854	6.88%
National Financial Services LLC 200 Liberty Street New York, NY 10281	6.05%

## POWERSHARES DYNAMIC PHARMACEUTICALS PORTFOLIO

<u>Name &amp; Address</u>	<u>% Owned</u>
Charles Schwab & Co., Inc. 211 Main Street San Francisco, CA 94105	10.87%
First Clearing, LLC 901 E. Byrd Street Richmond, VA 23219	5.45%
National Financial Services LLC 200 Liberty Street New York, NY 10281	44.91%
Merrill Lynch Professional 4 Corporate Place Piscataway, NJ 08854	5.38%
Pershing LLC 1 Pershing Plaza Jersey City, NJ 07399	6.35%

## POWERSHARES FUNDAMENTAL PURE MID GROWTH PORTFOLIO

<u>Name &amp; Address</u>	<u>% Owned</u>
Pershing LLC 1 Pershing Plaza Jersey City, NJ 07399	6.97%
Merrill Lynch Professional 4 Corporate Place Piscataway, NJ 08854	9.13%
National Financial Services LLC 200 Liberty Street New York, NY 10281	7.20%
Charles Schwab & Co., Inc. 211 Main Street San Francisco, CA 94105	12.32%
Citigroup Global Markets Inc. 333 W. 34th Street New York, NY 10001	9.97%
First Clearing, LLC 901 E. Byrd Street Richmond, VA 23219	11.17%
Ameritrade, Inc. 4211 South 102nd Street Omaha, NE 68127	5.90%

## POWERSHARES DYNAMIC NETWORKING PORTFOLIO

<u>Name &amp; Address</u>	<u>% Owned</u>
Pershing LLC 1 Pershing Plaza Jersey City, NJ 07399	7.01%
Charles Schwab & Co., Inc. 211 Main Street San Francisco, CA 94105	13.75%
First Clearing, LLC 901 E. Byrd Street Richmond, VA 23219	15.94%

### POWERSHARES DYNAMIC NETWORKING PORTFOLIO (continued)

<u>Name &amp; Address</u>	<u>% Owned</u>
National Financial Services LLC 200 Liberty Street New York, NY 10281	7.75%
Merrill Lynch Professional 4 Corporate Place Piscataway, NJ 08854	8.10%
UBS Financial Services LLC 1200 Harbor Blvd. Weehawken, NJ 07086	9.01%

### POWERSHARES DYNAMIC MEDIA PORTFOLIO

<u>Name &amp; Address</u>	<u>% Owned</u>
Charles Schwab & Co., Inc. 211 Main Street San Francisco, CA 94105	11.31%
Brown Brothers Harriman & Co. 525 Washington Ave Jersey City, NJ 07302	54.94%

### POWERSHARES DYNAMIC FOOD & BEVERAGE PORTFOLIO

<u>Name &amp; Address</u>	<u>% Owned</u>
National Financial Services LLC 200 Liberty Street New York, NY 10281	36.08%
Brown Brothers Harriman & Co. 525 Washington Ave Jersey City, NJ 07302	22.70%
Charles Schwab & Co., Inc. 211 Main Street San Francisco, CA 94105	5.57%
Pershing LLC 1 Pershing Plaza Jersey City, NJ 07399	7.67%

### POWERSHARES DYNAMIC BIOTECHNOLOGY & GENOME PORTFOLIO

<u>Name &amp; Address</u>	<u>% Owned</u>
Janney Montgomery Scott Inc. 1801 Market Street Philadelphia, PA 19103	7.01%
Wells Fargo Bank, National Association 800 Walnut St. Des Moines, IA 50309	6.53%
Citigroup Global Markets Inc. 333 W. 34th Street New York, NY 10001	7.02%
First Clearing, LLC 901 E. Byrd Street Richmond, VA 23219	9.07%
Charles Schwab & Co., Inc. 211 Main Street San Francisco, CA 94105	11.63%

### **POWERSHARES DYNAMIC BIOTECHNOLOGY & GENOME PORTFOLIO (continued)**

<u>Name &amp; Address</u>	<u>% Owned</u>
National Financial Services LLC 200 Liberty Street New York, NY 10281	7.82%
Merrill Lynch Professional 4 Corporate Place Piscataway, NJ 08854	7.38%

### **POWERSHARES FUNDAMENTAL PURE SMALL VALUE PORTFOLIO**

<u>Name &amp; Address</u>	<u>% Owned</u>
Merrill Lynch Professional 4 Corporate Place Piscataway, NJ 08854	10.25%
Charles Schwab & Co., Inc. 211 Main Street San Francisco, CA 94105	6.67%
National Financial Services LLC 200 Liberty Street New York, NY 10281	10.67%
Ameritrade, Inc. 4211 South 102nd Street Omaha, NE 68127	36.93%

### **POWERSHARES FUNDAMENTAL PURE SMALL GROWTH PORTFOLIO**

<u>Name &amp; Address</u>	<u>% Owned</u>
National Financial Services LLC 200 Liberty Street New York, NY 10281	11.80%
Pershing LLC 1 Pershing Plaza Jersey City, NJ 07399	6.40%
Ameritrade, Inc. 4211 South 102nd Street Omaha, NE 68127	7.68%
Bank of New York The One Wall Street New York, NY 10286	6.96%
Charles Schwab & Co., Inc. 211 Main Street San Francisco, CA 94105	8.54%
First Clearing, LLC 901 E. Byrd Street Richmond, VA 23219	25.41%

### **POWERSHARES FUNDAMENTAL PURE MID VALUE PORTFOLIO**

<u>Name &amp; Address</u>	<u>% Owned</u>
Charles Schwab & Co., Inc. 211 Main Street San Francisco, CA 94105	11.21%

### POWERSHARES FUNDAMENTAL PURE MID VALUE PORTFOLIO (continued)

<u>Name &amp; Address</u>	<u>% Owned</u>
First Clearing, LLC 901 E. Byrd Street Richmond, VA 23219	7.37%
Merrill Lynch Professional 4 Corporate Place Piscataway, NJ 08854	11.15%
Scott & Stringfellow Capital Management, Inc. 901 East Byrd Street Richmond, VA 23219	5.55%
Citigroup Global Markets Inc. 333 W. 34th Street New York, NY 10001	10.37%
National Financial Services LLC 200 Liberty Street New York, NY 10281	6.24%
Pershing LLC 1 Pershing Plaza Jersey City, NJ 07399	8.54%

### POWERSHARES S&P 500 BUYWRITE PORTFOLIO

<u>Name &amp; Address</u>	<u>% Owned</u>
Charles Schwab & Co., Inc. 211 Main Street San Francisco, CA 94105	14.58%
National Financial Services LLC 200 Liberty Street New York, NY 10281	12.63%
Pershing LLC 1 Pershing Plaza Jersey City, NJ 07399	8.57%

### POWERSHARES FUNDAMENTAL PURE LARGE VALUE PORTFOLIO

<u>Name &amp; Address</u>	<u>% Owned</u>
Goldman, Sachs & Co. 30 Hudson Street Jersey City, NJ 07302	14.29%
Morgan Keegan 50 North Front Street Memphis, TN 38103	77.49%

### POWERSHARES FUNDAMENTAL PURE LARGE GROWTH PORTFOLIO

<u>Name &amp; Address</u>	<u>% Owned</u>
National Financial Services LLC 200 Liberty Street New York, NY 10281	97.27%

### POWERSHARES NASDAQ INTERNET PORTFOLIO

<u>Name &amp; Address</u>	<u>% Owned</u>
National Financial Services LLC 200 Liberty Street New York, NY 10281	19.99%

## POWERSHARES NASDAQ INTERNET PORTFOLIO (continued)

Name & Address	% Owned
First Clearing, LLC 901 E. Byrd Street Richmond, VA 23219	11.34%
Charles Schwab & Co., Inc. 211 Main Street San Francisco, CA 94105	10.84%
Citigroup Global Markets Inc. 333 W. 34th Street New York, NY 10001	10.70%
Merrill Lynch Professional 4 Corporate Place Piscataway, NJ 08854	6.68%
Pershing LLC 1 Pershing Plaza Jersey City, NJ 07399	5.96%
Morgan Stanley DW Inc 1585 Broadway New York, NY 10036	5.16%

*Shareholder Communications.* Shareholders may send communications to the Trust’s Board by addressing the communications directly to the Board (or individual Board members) and/or otherwise clearly indicating in the salutation that the communication is for the Board (or individual Board members). The shareholder may send the communication to either the Trust’s office or directly to such Board members at the address specified for each Trustee. Management will review and generally respond to other shareholder communications the Trust receives that are not directly addressed and sent to the Board. Such communications will be forwarded to the Board 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 rooted deeply 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.

The Adviser was organized February 7, 2003 and is located at 301 West Roosevelt Road, Wheaton, Illinois 60187.

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

*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 and Brian Picken.

As of April 30, 2011, Mr. Hubbard managed 101 registered investment companies with a total of approximately \$20.9 billion in assets, 19 other pooled investment vehicles with approximately \$1.4 billion in assets and no other accounts.

As of April 30, 2011, Mr. Betts managed 24 registered investment companies with a total of approximately \$6.4 billion in assets, 18 other pooled investment vehicles with approximately \$1.4 billion in assets and no other accounts.

As of April 30, 2011, Mr. Fang managed 11 registered investment companies with a total of approximately \$6.7 billion in assets, one other pooled investment vehicle with approximately \$2.1 million in assets and no other accounts.

As of April 30, 2011, Mr. Jeanette managed 69 registered investment companies with a total of approximately \$10.2 billion in assets, no other pooled investment vehicles and no other accounts.

As of April 30, 2011, Mr. Kernagis managed 13 registered investment companies with a total of approximately \$7.0 billion in assets, one other pooled investment vehicle with approximately \$2.1 million in assets and no other accounts.

As of April 30, 2011, Mr. McGreal managed 24 registered investment companies with a total of approximately \$5.9 billion in assets, 18 other pooled investment vehicles with approximately \$1.4 billion in assets and no other accounts.

As of April 30, 2011, Mr. Picken managed 69 registered investment companies with a total of approximately \$10.2 billion in assets, no other pooled investment vehicles and no other accounts.

Although the Funds that the Portfolio Managers manage may have different investment strategies, each has a portfolio objective of seeking returns that generally correspond to 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.

*Description of Compensation Structure.* 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 Compensation Committee may approve the bonus in advance. 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 April 30, 2011, the dollar ranges of securities of the Funds beneficially owned by Messrs. Betts, Fang, Hubbard, Jeanette, Kernagis, McGreal and Picken in the Trust were \$1-\$10,000, \$10,001-\$50,000, none, none, \$1-\$10,000, none and \$1-\$10,000, respectively.

The portfolio holdings of Messrs. Betts, Fang, Kernagis and Picken, as of July 31, 2011 in the Funds in which they own securities are shown below.

**Joshua Betts**

<u>Fund</u>	<u>Dollar Range</u>					
	<u>\$1 to \$10,000</u>	<u>\$10,001 to \$50,000</u>	<u>\$50,001 to \$100,000</u>	<u>\$100,001 to \$500,000</u>	<u>\$500,001 to \$1,000,000</u>	<u>over \$1,000,000</u>
PowerShares WilderHill Clean Energy Portfolio	X					

**Jeffrey Kernagis**

<u>Fund</u>	<u>Dollar Range</u>					
	<u>\$1 to \$10,000</u>	<u>\$10,001 to \$50,000</u>	<u>\$50,001 to \$100,000</u>	<u>\$100,001 to \$500,000</u>	<u>\$500,001 to \$1,000,000</u>	<u>over \$1,000,000</u>
PowerShares WilderHill Clean Energy Portfolio	X					
PowerShares Financial Preferred Portfolio	X					
PowerShares FTSE RAFI US 1000 Portfolio	X					

**Philip Fang**

<u>Fund</u>	<u>Dollar Range</u>					
	<u>\$1 to \$10,000</u>	<u>\$10,001 to \$50,000</u>	<u>\$50,001 to \$100,000</u>	<u>\$100,001 to \$500,000</u>	<u>\$500,001 to \$1,000,000</u>	<u>over \$1,000,000</u>
PowerShares WilderHill Clean Energy Portfolio	X					
PowerShares FTSE RAFI US 1000 Portfolio		X				
PowerShares FTSE RAFI US 1500 Small-Mid Portfolio		X				

**Brian Picken**

<u>Fund</u>	<u>Dollar Range</u>					
	<u>\$1 to \$10,000</u>	<u>\$10,001 to \$50,000</u>	<u>\$50,001 to \$100,000</u>	<u>\$100,001 to \$500,000</u>	<u>\$500,001 to \$1,000,000</u>	<u>over \$1,000,000</u>
PowerShares Aerospace & Defense Portfolio	X					
PowerShares Global Listed Private Equity Portfolio	X					
PowerShares FTSE RAFI US 1000 Portfolio	X					
PowerShares FTSE RAFI US 1500 Small-Mid 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>Advisory 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 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 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 Networking Portfolio	0.50% of average daily net assets

<u>Fund</u>	<u>Advisory Fee</u>
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 Software Portfolio	0.50% of average daily net assets
PowerShares Dynamic Technology Sector 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 Fundamental Pure Large Core Portfolio*	0.29% of average daily net assets
PowerShares Fundamental Pure Large Growth Portfolio	0.29% of average daily net assets
PowerShares Fundamental Pure Large Value Portfolio	0.29% of average daily net assets
PowerShares Fundamental Pure Mid Growth Portfolio*	0.29% of average daily net assets
PowerShares Fundamental Pure Mid Core Portfolio*	0.29% of average daily net assets
PowerShares Fundamental Pure Mid Value Portfolio*	0.29% of average daily net assets
PowerShares Fundamental Pure Small Growth Portfolio*	0.29% of average daily net assets
PowerShares Fundamental Pure Small Core Portfolio*	0.29% of average daily net assets
PowerShares Fundamental Pure Small Value 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 Core Portfolio	0.50% of average daily net assets
PowerShares NASDAQ Internet Portfolio	0.60% of average daily net assets
PowerShares S&P 500 BuyWrite Portfolio	0.75% 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

\* Prior to June 16, 2011, each Fund's annual management fee was 0.50% of the Fund's average daily net assets.

Each Fund (except for the PowerShares NASDAQ Internet Portfolio and PowerShares S&P 500 BuyWrite Portfolio) 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.

PowerShares NASDAQ Internet Portfolio and PowerShares S&P 500 BuyWrite Portfolio each pay the Adviser a unitary management fee equal to 0.60% and 0.75% of each Fund’s average daily net assets, respectively. Out of the unitary management fee, the Adviser pays substantially all expenses of each Fund, including the cost of transfer agency, custody, fund administration, legal, audit and other services, distribution fees, if any, brokerage expenses, taxes, interest, litigation expenses and other extraordinary expenses. The Adviser’s unitary management fee is designed to pay PowerShares NASDAQ Internet Portfolio’s and PowerShares S&P 500 BuyWrite Portfolio’s expenses, respectively, and to compensate the Adviser for providing services for each Fund.

The Adviser has entered into an Amended and Restated Excess Expense Agreement (the “Expense Agreement”) with the Trust, pursuant to which the Adviser has agreed to waive for all Funds (except PowerShares NASDAQ Internet Portfolio and PowerShares S&P 500 BuyWrite Portfolio) fees and/or reimburse Fund expenses to the extent necessary to prevent the operating expenses of each Fund (excluding interest expenses, brokerage commissions and other trading expenses, sub-licensing fees, offering costs, taxes and extraordinary expenses) (for PowerShares FTSE RAFI US 1000 Portfolio, PowerShares FTSE RAFI US 1500 Small-Mid Portfolio, PowerShares Morningstar StockInvestor Core Portfolio, PowerShares S&P 500® High Quality Portfolio, PowerShares Fundamental Pure Large Core Portfolio, PowerShares Fundamental Pure Large Growth Portfolio, PowerShares Fundamental Pure Large Value Portfolio, PowerShares Fundamental Pure Mid Growth Portfolio, PowerShares Fundamental Pure Mid Core Portfolio, PowerShares Fundamental Pure Mid Value Portfolio, PowerShares Fundamental Pure Small Growth Portfolio, PowerShares Fundamental Pure Small Core Portfolio and PowerShares Fundamental Pure Small Value Portfolio sub-licensing fees are not excluded. For PowerShares Dynamic Market Portfolio and PowerShares OTC Portfolio offering costs and sub-licensing fees are not excluded) from exceeding the percentage of its average net assets set forth in the chart below (the “Expense Cap”), at least until August 31, 2012.

The offering costs excluded from the Expense Cap set forth below for each Fund (except for 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 that the Adviser bears 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 that the Adviser bore the fee or expense, but no recapture payment will be made by each Fund if it would result in the Fund exceeding its Expense Cap.

<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

<u>Fund</u>	<u>Expense Cap</u>
PowerShares Dynamic Healthcare Sector 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 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 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 Software Portfolio	0.60% of average net assets
PowerShares Dynamic Technology Sector 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 Fundamental Pure Large Core Portfolio*	0.39% of average net assets
PowerShares Fundamental Pure Large Growth Portfolio	0.39% of average net assets
PowerShares Fundamental Pure Large Value Portfolio	0.39% of average net assets
PowerShares Fundamental Pure Mid Growth Portfolio***	0.39% of average net assets
PowerShares Fundamental Pure Mid Core Portfolio***	0.39% of average net assets
PowerShares Fundamental Pure Mid Value Portfolio***	0.39% of average net assets
PowerShares Fundamental Pure Small Growth Portfolio***	0.39% of average net assets
PowerShares Fundamental Pure Small Core Portfolio***	0.39% of average net assets
PowerShares Fundamental Pure Small Value 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 Core Portfolio	0.50% of average net assets**
PowerShares NASDAQ Internet Portfolio****	N/A
PowerShares S&P 500® BuyWrite Portfolio****	N/A
PowerShares S&P 500® High Quality Portfolio	0.50% of average net assets**

<u>Fund</u>	<u>Expense Cap</u>
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

- \* 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.
- \*\*\* Prior to June 16, 2011 each Fund's Expense Cap was 0.60% and excluded sub-licensing fees.
- \*\*\*\* The Fund has no expense cap and instead pays a unitary management fee to the Adviser, out of which the Adviser pays substantially all of the Fund's expenses.

A Fund's operating expenses used in determining whether the Fund meets or exceeds its Expense Cap do not include any "Acquired Fund Fees and Expenses" borne directly by the Fund. Acquired Fund Fees and Expenses reflect the pro rata share of the fees and expenses, including management fees, of the investment company or companies in which a Fund invests. While such expenses are not direct operating expenses of a Fund, the Fund is required to include any Acquired Fund Fees and Expenses in the "Total Annual Fund Operating Expenses" shown in its Prospectus fee table. As a result, the "Total Annual Fund Operating Expenses After Fee Waivers and Expense Assumption" displayed in the summary section applicable to each Fund in the Funds' Prospectuses may exceed the Fund's Expense Cap.

The aggregate amount of the Advisory Fees paid by each Fund to the Adviser and the aggregate amount of Advisory Fees waived by the Adviser (net of expenses reimbursed to the Adviser under the Expense Agreement) for each Fund's fiscal years ended April 30, 2009, 2010 and 2011 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, 2009</u>	<u>April 30, 2010</u>	<u>April 30, 2011</u>	<u>April 30, 2009</u>	<u>April 30, 2010</u>	<u>April 30, 2011</u>	
PowerShares Aerospace & Defense Portfolio	\$805,647	\$638,835	\$557,769	(\$11,656)	(\$35,132)	(\$81,095)	10/26/05
PowerShares Buyback Achievers™ Portfolio	\$209,192	\$167,787	\$181,136	(\$91,605)	(\$91,435)	(\$110,403)	12/20/06
PowerShares Cleantech™ Portfolio	\$571,846	\$697,837	\$731,402	(\$66,705)	(\$54,925)	\$92,835	10/24/06
PowerShares Dividend Achievers™ Portfolio	\$283,809	\$416,862	\$712,707	(\$98,989)	(\$44,165)	(\$21,850)	9/15/05
PowerShares DWA Technical Leaders™ Portfolio	\$1,315,339	\$651,728	\$1,276,503	\$21,472	(\$43,037)	\$18,650	3/1/07
PowerShares Dynamic Banking Portfolio	\$544,048	\$146,295	\$126,087	(\$77,300)	(\$123,728)	(\$130,655)	10/12/06
PowerShares Dynamic Basic Materials Sector Portfolio	\$140,028	\$170,612	\$316,209	(\$90,201)	(\$89,108)	(\$90,181)	10/12/06
PowerShares Dynamic Biotechnology & Genome Portfolio	\$936,718	\$905,585	\$936,313	\$9,388	\$27,697	(\$36,628)	6/23/05
PowerShares Dynamic Building & Construction Portfolio	\$121,410	\$262,725	\$205,532	(\$104,483)	(\$70,889)	(\$113,361)	10/26/05
PowerShares Dynamic Consumer Discretionary Sector Portfolio	\$49,691	\$76,276	\$98,746	(\$103,099)	(\$102,087)	(\$117,064)	10/12/06

	Advisory Fees Paid for the Fiscal Year Ended			(Waivers) and/or Recapture for the Fiscal Year Ended			Date of Commencement of Operations
	April 30, 2009	April 30, 2010	April 30, 2011	April 30, 2009	April 30, 2010	April 30, 2011	
PowerShares Dynamic Consumer Staples Sector Portfolio	\$155,298	\$197,324	\$190,981	(\$91,015)	(\$87,640)	(\$109,908)	10/12/06
PowerShares Dynamic Energy Exploration & Production Portfolio	\$452,351	\$286,505	\$365,447	(\$50,362)	(\$76,453)	(\$92,366)	10/26/05
PowerShares Dynamic Energy Sector Portfolio	\$137,746	\$164,650	\$413,837	(\$91,764)	(\$91,813)	(\$74,227)	10/12/06
PowerShares Dynamic Financial Sector Portfolio	\$100,674	\$86,263	\$91,322	(\$97,127)	(\$104,373)	(\$119,238)	10/12/06
PowerShares Dynamic Food & Beverage Portfolio	\$394,573	\$301,837	\$462,290	(\$62,271)	(\$66,726)	(\$75,695)	6/23/05
PowerShares Dynamic Healthcare Sector Portfolio	\$464,267	\$439,268	\$305,534	(\$53,889)	(\$57,629)	(\$112,530)	10/12/06
PowerShares Dynamic Industrials Sector Portfolio	\$260,664	\$259,189	\$235,184	(\$82,709)	(\$87,408)	(\$103,158)	10/12/06
PowerShares Dynamic Insurance Portfolio	\$144,737	\$93,480	\$85,367	(\$101,778)	(\$112,112)	(\$124,433)	10/26/05
PowerShares Dynamic Large Cap Growth Portfolio	\$2,169,170	\$1,337,294	\$1,009,836	\$46,729	\$0	(\$25,671)	3/3/05
PowerShares Dynamic Large Cap Value Portfolio	\$1,188,000	\$1,577,934	\$1,759,705	\$50,808	\$92,287	(\$976)	3/3/05
PowerShares Dynamic Leisure and Entertainment Portfolio	\$54,412	\$111,018	\$295,565	(\$111,335)	(\$94,760)	(\$89,979)	6/23/05
PowerShares Dynamic MagniQuant Portfolio	\$215,277	\$149,475	\$139,660	(\$95,976)	(\$99,281)	(\$121,412)	10/12/06
PowerShares Dynamic Market Portfolio	\$2,059,695	\$1,315,446	\$950,434	(\$7,816)	(\$12,917)	(\$80,701)	5/1/03
PowerShares Dynamic Media Portfolio	\$89,850	\$248,608	\$497,074	(\$105,876)	(\$70,642)	(\$63,139)	6/23/05
PowerShares Dynamic Networking Portfolio	\$42,744	\$140,328	\$487,650	(\$110,045)	(\$90,724)	(\$68,612)	6/23/05
PowerShares Dynamic Oil & Gas Services Portfolio	\$1,184,457	\$917,588	\$938,179	\$24,216	(\$327)	(\$29,847)	10/26/05
PowerShares Dynamic OTC Portfolio	\$323,262	\$204,404	\$186,228	(\$97,567)	(\$101,882)	(\$115,449)	5/1/03
PowerShares Dynamic Pharmaceuticals Portfolio	\$624,605	\$342,814	\$359,152	(\$42,273)	(\$73,868)	(\$91,158)	6/23/05
PowerShares Dynamic Retail Portfolio	\$119,065	\$179,830	\$62,054	(\$107,809)	(\$93,665)	(\$123,788)	10/26/05
PowerShares Dynamic Semiconductors Portfolio	\$229,464	\$173,649	\$164,692	(\$85,089)	(\$92,098)	(\$113,566)	6/23/05
PowerShares Dynamic Software Portfolio	\$146,805	\$277,010	\$322,205	(\$98,470)	(\$69,201)	(\$88,387)	6/23/05
PowerShares Dynamic Technology Sector Portfolio	\$173,553	\$174,405	\$197,108	(\$84,832)	(\$87,323)	(\$102,829)	10/12/06
PowerShares Dynamic Utilities Portfolio	\$228,403	\$154,983	\$204,304	(\$87,650)	(\$98,256)	(\$106,647)	10/26/05
PowerShares Financial Preferred Portfolio	\$1,913,359	\$6,830,817	\$8,737,380	\$60,049	(\$16,650)	(\$11,307)	12/1/06
PowerShares FTSE RAFI US 1000 Portfolio	\$2,344,410	\$1,492,728	\$2,453,188	(\$98,922)	(\$299,332)	(\$439,944)	12/19/05
PowerShares FTSE RAFI US 1500 Small-Mid Portfolio	\$429,123	\$485,570	\$960,772	(\$217,994)	(\$195,556)	(\$240,876)	9/20/06

	Advisory Fees Paid for the Fiscal Year Ended			(Waivers) and/or Recapture for the Fiscal Year Ended			Date of Commencement of Operations
	April 30, 2009	April 30, 2010	April 30, 2011	April 30, 2009	April 30, 2010	April 30, 2011	
PowerShares Fundamental Pure Large Core Portfolio	\$153,981	191,981	\$165,216	(\$86,975)	(\$87,338)	(\$112,727)	12/1/06
PowerShares Fundamental Pure Large Growth Portfolio*	N/A	N/A	N/A	N/A	N/A	N/A	5/25/11
PowerShares Fundamental Pure Large Value Portfolio*	N/A	N/A	N/A	N/A	N/A	N/A	5/25/11
PowerShares Fundamental Pure Mid Core Portfolio	\$95,334	\$109,792	\$108,330	(\$98,727)	(\$100,746)	(\$120,297)	12/1/06
PowerShares Fundamental Pure Mid Growth Portfolio	\$1,269,358	\$658,924	\$582,335	\$48,844	(\$35,946)	(\$67,548)	3/3/05
PowerShares Fundamental Pure Mid Value Portfolio	\$273,120	\$212,719	\$198,084	(\$82,973)	(\$88,952)	(\$110,527)	3/3/05
PowerShares Fundamental Pure Small Core Portfolio	\$75,181	\$86,009	\$84,735	(\$105,230)	(\$104,162)	(\$128,192)	12/1/06
PowerShares Fundamental Pure Small Growth Portfolio	\$205,899	\$160,859	\$189,169	(\$95,761)	(\$100,066)	(\$112,773)	3/3/05
PowerShares Fundamental Pure Small Value Portfolio	\$379,806	\$340,392	\$321,279	(\$72,695)	(\$74,209)	(\$106,105)	3/3/05
PowerShares Global Listed Private Equity Portfolio	\$405,010	\$744,150	\$1,457,668	(\$63,581)	(\$25,321)	(\$62,533)	10/24/06
PowerShares Golden Dragon Halter USX China Portfolio	\$1,597,741	\$2,135,427	\$2,161,604	(\$74,560)	(\$53,336)	(\$94,478)	12/9/04
PowerShares High Yield Equity Dividend Achievers™ Portfolio	\$512,151	\$423,163	\$652,458	(\$20,713)	(\$50,903)	(\$40,549)	12/9/04
PowerShares International Dividend Achievers™ Portfolio	\$1,491,518	\$1,451,325	\$1,775,241	\$18,082	(\$2,335)	(\$293)	9/15/05
PowerShares Lux Nanotech Portfolio	\$290,537	\$267,285	\$225,001	(\$112,662)	(\$78,778)	(\$111,968)	10/26/05
PowerShares Morningstar StockInvestor Core Portfolio	\$185,971	\$125,923	\$88,853	(\$90,165)	(\$97,515)	(\$190,327)	12/1/06
PowerShares NASDAQ Internet Portfolio**	\$9,005	\$57,128	\$155,463	N/A	N/A	N/A	6/10/08
PowerShares S&P 500® BuyWrite Portfolio**	\$341,560	\$961,691	\$1,110,109	N/A	N/A	N/A	12/19/07
PowerShares S&P 500® High Quality Portfolio	\$599,540	\$346,695	\$444,269	(\$26,520)	(\$67,391)	(\$257,139)	12/6/05
PowerShares Water Resources Portfolio	\$8,422,923	\$6,554,623	\$5,765,805	\$75,183	\$0	(\$11,685)	12/6/05
PowerShares WilderHill Clean Energy Portfolio	\$4,760,677	\$3,673,654	\$2,761,318	\$170	(\$28,116)	(\$20,008)	3/3/05
PowerShares WilderHill Progressive Energy Portfolio	\$249,269	\$266,050	\$299,969	(\$77,906)	(\$75,069)	(\$97,636)	10/24/06
PowerShares Zacks Micro Cap Portfolio	\$328,393	\$242,462	\$380,218	(\$105,004)	(\$109,697)	(\$115,423)	8/18/05

\* The Fund commenced operations after the completion of the Trust's fiscal year ended April 30, 2011. As such, the Fund did not pay any advisory fees for any of the past three fiscal years.

\*\* The Fund does not have a fee waiver in place and instead pays a unitary management fee to the Adviser, out of which the Adviser pays substantially all of the Fund's expenses.

The Adviser has overall responsibility for the general management and administration of the Trust. The Adviser provides an investment program for the Funds and manages the investment of the Funds' assets.

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, 2012, and thereafter only if approved annually by the Board, including a majority of the Independent Trustees. The Investment Advisory Agreement terminates automatically upon assignment and is terminable at any time without penalty as to a Fund by the Board, 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.

*Administrator.* BNYM serves as administrator for the Funds. Its principal address is 101 Barclay Street, New York, New York 10286.

BNYM serves as Administrator pursuant to an administrative services agreement (the "Administrative Services Agreement") with the Trust. Under the Administrative Services Agreement, BNYM is obligated, on a continuous basis, to provide such administrative services as the Board reasonably deems necessary for the proper administration of the Trust and each Fund. BNYM generally will 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, provide monitoring reports and assistance regarding compliance with the Declaration of Trust (the "Declaration"), 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, each Fund has agreed to pay an annual administrative services fee equal to the greater of 0.03% of its average daily net assets or the minimum annual fee of \$75,000. The aggregate amount of the administrative fee paid by each Fund to BNYM during each Fund's fiscal years ended April 30, 2009, 2010 and 2011 are set forth in the chart below. The Administrative Services Agreement provides that the highest administrative services fee each Fund will pay is equal to (1) 0.05% of the Trust's average daily net assets or (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 BNYM services.

<u>Fund</u>	<u>Administrative Fees Paid for the Fiscal Year Ended</u>		
	<u>April 30, 2009</u>	<u>April 30, 2010</u>	<u>April 30, 2011</u>
PowerShares Aerospace & Defense Portfolio	\$74,778	\$64,668	\$68,240
PowerShares Buyback Achievers™ Portfolio	\$74,983	\$64,668	\$68,240
PowerShares Cleantech™ Portfolio	\$74,983	\$64,668	\$68,240
PowerShares Dividend Achievers™ Portfolio	\$74,983	\$64,668	\$68,240
PowerShares DWA Technical Leaders™ Portfolio	\$84,147	\$69,995	\$74,979
PowerShares Dynamic Banking Portfolio	\$74,983	\$64,668	\$68,240
PowerShares Dynamic Basic Materials Sector Portfolio	\$74,983	\$64,668	\$68,240
PowerShares Dynamic Biotechnology & Genome Portfolio	\$74,983	\$64,668	\$68,240
PowerShares Dynamic Building & Construction Portfolio	\$74,983	\$64,668	\$68,241
PowerShares Dynamic Consumer Discretionary Sector Portfolio	\$74,983	\$64,668	\$68,240
PowerShares Dynamic Consumer Staples Sector Portfolio	\$74,983	\$64,668	\$68,240

<b>Fund</b>	<b>Administrative Fees Paid for the Fiscal Year Ended</b>		
	<b>April 30, 2009</b>	<b>April 30, 2010</b>	<b>April 30, 2011</b>
PowerShares Dynamic Energy Exploration & Production Portfolio	\$74,983	\$64,668	\$68,240
PowerShares Dynamic Energy Sector Portfolio	\$74,983	\$64,668	\$68,240
PowerShares Dynamic Financial Sector Portfolio	\$74,983	\$64,668	\$68,240
PowerShares Dynamic Food & Beverage Portfolio	\$74,983	\$64,668	\$68,240
PowerShares Dynamic Healthcare Sector Portfolio	\$74,983	\$64,668	\$68,240
PowerShares Dynamic Industrials Sector Portfolio	\$74,983	\$64,668	\$68,240
PowerShares Dynamic Insurance Portfolio	\$74,983	\$64,668	\$68,240
PowerShares Dynamic Large Cap Growth Portfolio	\$125,952	\$68,080	\$68,240
PowerShares Dynamic Large Cap Value Portfolio	\$75,264	\$77,291	\$85,772
PowerShares Dynamic Leisure and Entertainment Portfolio	\$74,983	\$64,668	\$68,240
PowerShares Dynamic MagniQuant Portfolio	\$74,983	\$64,668	\$68,240
PowerShares Dynamic Market Portfolio	\$119,396	\$66,587	\$68,240
PowerShares Dynamic Media Portfolio	\$74,983	\$64,668	\$68,240
PowerShares Dynamic Networking Portfolio	\$74,983	\$64,668	\$68,240
PowerShares Dynamic Oil & Gas Services Portfolio	\$85,597	\$65,613	\$68,240
PowerShares Dynamic OTC Portfolio	\$74,983	\$64,668	\$68,240
PowerShares Dynamic Pharmaceuticals Portfolio	\$74,983	\$64,668	\$68,240
PowerShares Dynamic Retail Portfolio	\$74,983	\$64,668	\$68,240
PowerShares Dynamic Semiconductors Portfolio	\$74,983	\$64,668	\$68,240
PowerShares Dynamic Software Portfolio	\$74,983	\$64,668	\$68,240
PowerShares Dynamic Technology Sector Portfolio	\$74,983	\$64,668	\$68,240
PowerShares Dynamic Utilities Portfolio	\$74,983	\$64,668	\$68,240
PowerShares Financial Preferred Portfolio	\$111,866	\$337,045	\$427,715
PowerShares FTSE RAFI US 1000 Portfolio	\$158,102	\$125,747	\$205,782
PowerShares FTSE RAFI US 1500 Small-Mid Portfolio	\$74,983	\$64,668	\$82,804
PowerShares Fundamental Pure Large Core Portfolio	\$74,983	\$64,668	\$68,240
PowerShares Fundamental Pure Large Growth Portfolio*	N/A	N/A	N/A
PowerShares Fundamental Pure Large Value Portfolio*	N/A	N/A	N/A
PowerShares Fundamental Pure Mid Growth Portfolio	\$83,071	\$71,034	\$68,240
PowerShares Fundamental Pure Mid Value Portfolio	\$74,983	\$64,668	\$68,240
PowerShares Fundamental Pure Mid Core Portfolio	\$74,983	\$64,668	\$68,240
PowerShares Fundamental Pure Small Growth Portfolio	\$74,983	\$64,668	\$68,241
PowerShares Fundamental Pure Small Value Portfolio	\$74,983	\$64,668	\$68,240
PowerShares Fundamental Pure Small Core Portfolio	\$74,983	\$64,668	\$68,240
PowerShares Global Listed Private Equity Portfolio	\$74,983	\$64,668	\$75,639
PowerShares Golden Dragon Halter USX China Portfolio	\$96,051	\$104,245	\$105,520
PowerShares High Yield Equity Dividend Achievers™ Portfolio	\$74,983	\$64,668	\$68,240
PowerShares International Dividend Achievers™ Portfolio	\$108,918	\$88,066	\$108,267
PowerShares Lux Nanotech Portfolio	\$74,983	\$64,668	\$68,241
PowerShares Morningstar StockInvestor Core Portfolio	\$74,983	\$64,668	\$68,240
PowerShares NASDAQ Internet Portfolio**	N/A	N/A	N/A
PowerShares S&P 500 BuyWrite Portfolio**	N/A	N/A	N/A
PowerShares S&P 500® High Quality Portfolio	\$74,983	\$64,668	\$68,240
PowerShares Water Resources Portfolio	\$490,335	\$321,532	\$281,977
PowerShares WilderHill Clean Energy Portfolio	\$275,134	\$181,644	\$134,886
PowerShares WilderHill Progressive Energy Portfolio	\$74,983	\$64,668	\$68,240
PowerShares Zacks Micro Cap Portfolio	\$74,983	\$64,668	\$68,240

\* The Fund commenced operations after the completion of the Trust's fiscal year ended April 30, 2011. As such, the Fund did not pay any administrative services fees for any of the past three fiscal years.

\*\* The Fund pays a unitary management fee to the Adviser, out of which the Adviser pays substantially all of the Fund's expenses, and therefore does not pay separate administrative fees.

*Custodian, Transfer Agent and Fund Accounting Agent.* BNYM, located at 101 Barclay Street, 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 for 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 the higher of: (1) an annual custody fee of up to 0.00675% of the Trust's average daily net assets that 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 Administrative Services Agreement and the Fund Accounting Agreement between BNYM and the Trust, each Fund has agreed to pay a combined annual accounting and administrative services fee of 0.05% of its average daily net assets or the minimum annual fee of \$75,000, whichever is higher.

*Distributor.* Invesco Distributors, Inc. (the "Distributor") is 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 the Funds' Shares. Each Fund continuously offers Shares for sale through the Distributor only in Creation Unit Aggregations, as described in the Prospectus and below under the heading "Creation and Redemption of Creation Unit Aggregations."

*Securities Lending Agents.* Brown Brothers Harriman & Co. ("BBH") acts as the securities lending agent for PowerShares FTSE RAFI US 1000 Portfolio, PowerShares FTSE RAFI US 1500 Small-Mid Portfolio, PowerShares International Dividend Achievers™ Portfolio and PowerShares Water Resources Portfolio, and Citibank N.A. ("Citi") acts as the securities lending agent for PowerShares Cleantech™ Portfolio, PowerShares Golden Dragon Halter USX China Portfolio, PowerShares Lux Nanotech Portfolio, PowerShares WilderHill Clean Energy Portfolio and PowerShares Zacks Micro Cap Portfolio. In their capacity as securities lending agents, each of BBH and Citi, among other things, enters into and maintains securities loan agreements with borrowers, negotiates fees with borrowers, delivers securities to borrowers, receives collateral from borrowers in connection with each loan, holds and safekeeps the collateral on behalf of the applicable Fund and invests the cash collateral in accordance with the Adviser's instructions. The securities lending agents will receive fees from each applicable Fund and such fee will be calculated on, and deducted from, that Fund's securities lending revenues. The Adviser does not receive any fees as a result of the Funds implementing the securities lending program.

*Aggregations.* Fund Shares in less than Creation Unit Aggregations are not distributed by the Distributor. The Distributor will deliver the Prospectus (or the Summary 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, 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 also may enter into agreements with securities dealers ("Soliciting Dealers") who will solicit purchases of Creation Unit Aggregations of the Funds' Shares. Such Soliciting Dealers also may 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	SPADE™ 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 <sup>SM</sup> Index
PowerShares Dynamic Basic Materials Sector Portfolio	Dynamic Basic Materials Sector Intellidex <sup>SM</sup> Index
PowerShares Dynamic Biotechnology & Genome Portfolio	Dynamic Biotechnology & Genome Intellidex <sup>SM</sup> Index
PowerShares Dynamic Building & Construction Portfolio	Dynamic Building & Construction Intellidex <sup>SM</sup> Index
PowerShares Dynamic Consumer Discretionary Sector Portfolio	Dynamic Consumer Discretionary Sector Intellidex <sup>SM</sup> Index
PowerShares Dynamic Consumer Staples Sector Portfolio	Dynamic Consumer Staples Sector Intellidex <sup>SM</sup> Index
PowerShares Dynamic Energy Exploration & Production Portfolio	Dynamic Energy Exploration & Production Intellidex <sup>SM</sup> Index
PowerShares Dynamic Energy Sector Portfolio	Dynamic Energy Sector Intellidex <sup>SM</sup> Index
PowerShares Dynamic Financial Sector Portfolio	Dynamic Financial Sector Intellidex <sup>SM</sup> Index
PowerShares Dynamic Food & Beverage Portfolio	Dynamic Food & Beverage Intellidex <sup>SM</sup> Index
PowerShares Dynamic Healthcare Sector Portfolio	Dynamic Healthcare Sector Intellidex <sup>SM</sup> Index
PowerShares Dynamic Industrials Sector Portfolio	Dynamic Industrials Sector Intellidex <sup>SM</sup> Index
PowerShares Dynamic Insurance Portfolio	Dynamic Insurance Intellidex <sup>SM</sup> Index
PowerShares Dynamic Large Cap Growth Portfolio	Dynamic Large Cap Growth Intellidex <sup>SM</sup> Index
PowerShares Dynamic Large Cap Value Portfolio	Dynamic Large Cap Value Intellidex <sup>SM</sup> Index
PowerShares Dynamic Leisure and Entertainment Portfolio	Dynamic Leisure and Entertainment Intellidex <sup>SM</sup> Index
PowerShares Dynamic MagniQuant Portfolio	Dynamic Top 200 Intellidex <sup>SM</sup> Index
PowerShares Dynamic Market Portfolio	Dynamic Market Intellidex <sup>SM</sup> Index
PowerShares Dynamic Media Portfolio	Dynamic Media Intellidex <sup>SM</sup> Index
PowerShares Dynamic Networking Portfolio	Dynamic Networking Intellidex <sup>SM</sup> Index
PowerShares Dynamic Oil & Gas Services Portfolio	Dynamic Oil Services Intellidex <sup>SM</sup> Index
PowerShares Dynamic OTC Portfolio	Dynamic OTC Intellidex <sup>SM</sup> Index
PowerShares Dynamic Pharmaceuticals Portfolio	Dynamic Pharmaceuticals Intellidex <sup>SM</sup> Index
PowerShares Dynamic Retail Portfolio	Dynamic Retail Intellidex <sup>SM</sup> Index
PowerShares Dynamic Semiconductors Portfolio	Dynamic Semiconductors Intellidex <sup>SM</sup> Index
PowerShares Dynamic Software Portfolio	Dynamic Software Intellidex <sup>SM</sup> Index
PowerShares Dynamic Technology Sector Portfolio	Dynamic Technology Sector Intellidex <sup>SM</sup> Index
PowerShares Dynamic Utilities Portfolio	Dynamic Utilities Intellidex <sup>SM</sup> Index
PowerShares Financial Preferred Portfolio	Wells Fargo® Hybrid & Preferred Financial Index
PowerShares FTSE RAFI US 1000 Portfolio	FTSE RAFI US 1000 Index

<u>Fund</u>	<u>Underlying Index or Underlying Intellidex</u>
PowerShares FTSE RAFI US 1500 Small-Mid Portfolio	FTSE RAFI US 1500 Small-Mid Index
PowerShares Fundamental Pure Large Core Portfolio	RAFI® Fundamental Large Core Index
PowerShares Fundamental Pure Mid Growth Portfolio	RAFI® Fundamental Mid Growth Index
PowerShares Fundamental Pure Mid Core Portfolio	RAFI® Fundamental Mid Core Index
PowerShares Fundamental Pure Mid Value Portfolio	RAFI® Fundamental Mid Value Index
PowerShares Fundamental Pure Small Growth Portfolio	RAFI® Fundamental Small Growth Index
PowerShares Fundamental Pure Small Core Portfolio	RAFI® Fundamental Small Core Index
PowerShares Fundamental Pure Small Value Portfolio	RAFI® Fundamental Small Value Index
PowerShares Fundamental Pure Large Growth Portfolio	RAFI® Fundamental Large Growth Index
PowerShares Fundamental Pure Large Value Portfolio	RAFI® Fundamental Large Value Index
PowerShares Global Listed Private Equity Portfolio	Red Rocks Global Listed Private Equity Index <sup>SM</sup>
PowerShares Golden Dragon Halter USX China Portfolio	Halter USX China Index <sup>SM</sup>
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 Core Portfolio	Morningstar® StockInvestor Core Index <sup>SM</sup>
PowerShares NASDAQ Internet Portfolio	NASDAQ Internet Index <sup>SM</sup>
PowerShares S&P 500 BuyWrite Portfolio	CBOE S&P 500 BuyWrite 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™

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The aggregate brokerage commissions paid by each Fund during the Fund's fiscal years ended April 30, 2009, 2010 and 2011 are set forth in the chart below.

<b>Fund</b>	<b>Brokerage Commissions Paid for the Fiscal Year Ended</b>		
	<b>April 30, 2009</b>	<b>April 30, 2010</b>	<b>April 30, 2011</b>
PowerShares Aerospace & Defense Portfolio	\$8,949	\$13,069	\$6,477
PowerShares Buyback Achievers™ Portfolio	\$25,003	\$4,966	\$4,873
PowerShares Cleantech™ Portfolio	\$97,639	\$40,938	\$38,273
PowerShares Dividend Achievers™ Portfolio	\$30,732	\$12,174	\$11,090
PowerShares DWA Technical Leaders™ Portfolio	\$159,402	\$43,702	\$62,887
PowerShares Dynamic Banking Portfolio	\$102,447	\$25,740	\$27,369
PowerShares Dynamic Basic Materials Sector Portfolio	\$23,933	\$14,624	\$19,981
PowerShares Dynamic Biotechnology & Genome Portfolio	\$328,344	\$360,798	\$302,027
PowerShares Dynamic Building & Construction Portfolio	\$16,839	\$51,266	\$30,586
PowerShares Dynamic Consumer Discretionary Sector Portfolio	\$25,684	\$10,326	\$10,997
PowerShares Dynamic Consumer Staples Sector Portfolio	\$20,614	\$26,174	\$15,120
PowerShares Dynamic Energy Exploration & Production Portfolio	\$69,326	\$46,119	\$32,352
PowerShares Dynamic Energy Sector Portfolio	\$17,002	\$22,969	\$16,555
PowerShares Dynamic Financial Sector Portfolio	\$12,423	\$13,536	\$7,942
PowerShares Dynamic Food & Beverage Portfolio	\$49,681	\$27,582	\$52,273

<b>Fund</b>	<b>Brokerage Commissions Paid for the Fiscal Year Ended</b>		
	<b>April 30, 2009</b>	<b>April 30, 2010</b>	<b>April 30, 2011</b>
PowerShares Dynamic Healthcare Sector Portfolio	\$67,839	\$67,162	\$32,972
PowerShares Dynamic Industrials Sector Portfolio	\$43,864	\$66,093	\$14,839
PowerShares Dynamic Insurance Portfolio	\$19,227	\$9,987	\$8,581
PowerShares Dynamic Large Cap Growth Portfolio	\$153,987	\$84,030	\$43,865
PowerShares Dynamic Large Cap Value Portfolio	\$68,243	\$90,173	\$62,711
PowerShares Dynamic Leisure and Entertainment Portfolio	\$8,619	\$14,399	\$36,867
PowerShares Dynamic MagniQuant Portfolio	\$33,926	\$23,877	\$18,818
PowerShares Dynamic Market Portfolio	\$382,116	\$232,135	\$137,594
PowerShares Dynamic Media Portfolio	\$31,961	\$50,586	\$92,916
PowerShares Dynamic Networking Portfolio	\$4,885	\$19,992	\$74,399
PowerShares Dynamic Oil & Gas Services Portfolio	\$259,226	\$190,904	\$115,212
PowerShares Dynamic OTC Portfolio	\$53,029	\$31,444	\$22,649
PowerShares Dynamic Pharmaceuticals Portfolio	\$75,538	\$41,147	\$11,598
PowerShares Dynamic Retail Portfolio	\$17,509	\$32,840	\$10,531
PowerShares Dynamic Semiconductors Portfolio	\$48,850	\$37,834	\$28,432
PowerShares Dynamic Software Portfolio	\$26,174	\$26,925	\$33,214
PowerShares Dynamic Technology Sector Portfolio	\$40,364	\$31,118	\$26,909
PowerShares Dynamic Utilities Portfolio	\$23,124	\$17,979	\$18,375
PowerShares Financial Preferred Portfolio	\$147,773	\$10,641	\$3,348
PowerShares FTSE RAFI US 1000 Portfolio	\$124,630	\$233,849	\$54,029
PowerShares FTSE RAFI US 1500 Small-Mid Portfolio	\$169,301	\$207,856	\$169,266
PowerShares Fundamental Pure Large Core Portfolio	\$10,932	\$10,917	\$6,411
PowerShares Fundamental Pure Large Growth Portfolio*	N/A	N/A	N/A
PowerShares Fundamental Pure Large Value Portfolio*	N/A	N/A	N/A
PowerShares Fundamental Pure Mid Core Portfolio	\$14,887	\$10,061	\$5,975
PowerShares Fundamental Pure Mid Growth Portfolio	\$130,079	\$69,543	\$41,761
PowerShares Fundamental Pure Mid Value Portfolio	\$42,990	\$27,061	\$13,827
PowerShares Fundamental Pure Small Core Portfolio	\$13,535	\$16,059	\$10,750
PowerShares Fundamental Pure Small Growth Portfolio	\$41,762	\$43,333	\$22,060
PowerShares Fundamental Pure Small Value Portfolio	\$80,747	\$95,447	\$59,050
PowerShares Global Listed Private Equity Portfolio	\$333,787	\$400,060	\$468,171
PowerShares Golden Dragon Halter USX China Portfolio	\$112,493	\$183,821	\$118,919
PowerShares High Yield Equity Dividend Achievers™ Portfolio	\$237,504	\$71,356	\$52,493
PowerShares International Dividend Achievers™ Portfolio	\$250,222	\$179,034	\$134,656
PowerShares Lux Nanotech Portfolio	\$177,978	\$65,852	\$119,512
PowerShares Morningstar StockInvestor Core Portfolio	\$42,611	\$25,961	\$11,623
PowerShares NASDAQ Internet Portfolio	\$586	\$1,844	\$4,484
PowerShares S&P 500 Buy Write Portfolio	\$52,848	\$82,208	\$77,040
PowerShares S&P 500® High Quality Portfolio	\$120,553	\$66,290	\$35,654
PowerShares Water Resources Portfolio	\$477,500	\$189,805	\$157,449
PowerShares WilderHill Clean Energy Portfolio	\$1,726,996	\$1,077,074	\$758,752
PowerShares WilderHill Progressive Energy Portfolio	\$46,111	\$33,591	\$17,353
PowerShares Zacks Micro Cap Portfolio	\$100,052	\$92,600	\$128,219

\* The Fund commenced operations after the completion of the Trust's fiscal year ended April 30, 2011. As such, the Fund did not pay any brokerage commissions for the past three fiscal years.

## 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.

The Trust is authorized to issue an unlimited number of Shares in one or more series or “funds.” The Trust currently offers Shares of 58 Funds. The Board 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 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 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 held expressly 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 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.

*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, a number of DTC Participants and the New York Stock Exchange, Inc. (“NYSE”) and FINRA own DTC. Access to the DTC system also is 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 DTC maintains (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 Depositary 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 DTC Participant may transmit such notice, statement or communication, 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 has delegated responsibility for decisions regarding proxy voting for securities each Fund holds 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 will review periodically 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](http://www.sec.gov).

*Codes of Ethics.* Pursuant to Rule 17j-1 under the 1940 Act, the Board 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 may engage in personal securities transactions, but must 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 a Fund may purchase or sell. In addition, certain Access Persons must 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 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 principally consists of 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 the Cash Component computed as described below, plus a fixed and a variable transaction fee, as discussed 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 also is sometimes called 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 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, 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 also may 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, 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 Funds.

*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 the APs that have signed a Participant Agreement. All Shares, however created, will be entered on the records of DTC in the name of Cede & Co. for the account of a DTC Participant.

The Distributor must receive all orders to create Creation Unit Aggregations 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 Distributor must receive the order no later than 3:00 p.m., Eastern time on the trade date. With respect to in-kind creations, an AP may place a custom order 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 the 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 11:00 a.m., by the “regular way” settlement 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, by the “regular way” settlement 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, by the “regular way” settlement 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 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 made in connection with the creation or redemption of 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. In addition PowerShares Cleantech™ Portfolio and PowerShares Global Listed Private Equity Portfolio may accept trade date minus one (“T-1”) creation orders placed after the close of the listing exchange. An AP must contact the distributor to obtain approval prior to submitting a T-1 creation order. 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 and PowerShares Global Listed Private Equity Portfolio, the Custodian causes the sub-custodian for each Fund to maintain an account into which the AP delivers, 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 cash purchase), 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 11:00 a.m., Eastern time, on the contractual settlement date.

The AP must also make available no later than 11:00 a.m., Eastern time, on the contractual settlement date, by means approved by the Trust, immediately available or same day funds sufficient for 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 each of PowerShares Cleantech™ Portfolio’s and PowerShares Global Listed Private Equity 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 105%, 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 11:00 a.m., Eastern time, on the contractual settlement date.

*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 Shares ordered, would own 80% or more of the currently outstanding Shares of that Fund; (iii) the Deposit Securities delivered are not as designated 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 Portfolio Deposit would, in the opinion of counsel, be unlawful; (vi) acceptance of the Portfolio Deposit would otherwise, in the discretion of the Trust or the Adviser, have an adverse effect on the Trust, the Trust’s Adviser 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 Transfer Agent, 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 Transfer Agent, 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 Portfolio 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. 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.

<b>Fund</b>	<b>Standard Creation Transaction Fee</b>	<b>Maximum Creation Transaction Fee</b>
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 Industrials Sector Portfolio	\$500	\$2,000
PowerShares Dynamic Insurance Portfolio	\$500	\$2,000
PowerShares Dynamic Large Cap Growth 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 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 Software Portfolio	\$500	\$2,000
PowerShares Dynamic Technology Sector Portfolio	\$500	\$2,000
PowerShares Dynamic Utilities Portfolio	\$500	\$2,000
PowerShares Financial Preferred Portfolio	\$500	\$2,000
PowerShares FTSE RAFI US 1000 Portfolio	\$500	\$2,000

<u>Fund</u>	<u>Standard Creation Transaction Fee</u>	<u>Maximum Creation Transaction Fee</u>
PowerShares FTSE RAFI US 1500 Small-Mid Portfolio	\$500	\$2,000
PowerShares Fundamental Pure Large Core Portfolio	\$500	\$2,000
PowerShares Fundamental Pure Large Growth Portfolio	\$500	\$2,000
PowerShares Fundamental Pure Large Value Portfolio	\$500	\$2,000
PowerShares Fundamental Pure Mid Core Portfolio	\$500	\$2,000
PowerShares Fundamental Pure Mid Growth Portfolio	\$500	\$2,000
PowerShares Fundamental Pure Mid Value Portfolio	\$500	\$2,000
PowerShares Fundamental Pure Small Core Portfolio	\$500	\$2,000
PowerShares Fundamental Pure Small Growth Portfolio	\$500	\$2,000
PowerShares Fundamental Pure Small Value Portfolio	\$500	\$2,000
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 NASDAQ Internet Portfolio	\$500	\$2,000
PowerShares S&P 500 BuyWrite Portfolio	\$2,500	\$10,000
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

*Redemption of Shares in Creation Unit Aggregations.* 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 Shares to constitute a redeemable Creation Unit Aggregation.

With respect to each 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 permitted or required for a Fund, the redemption proceeds for a Creation Unit Aggregation principally 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 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 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 a 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 charge of up to four times the fixed transaction fee 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 each Fund are the same as the creation transaction 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 the 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 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 a Fund, which delivery must be made through DTC and the Cash Redemption Amount, if any owed to a Fund, to the Custodian no later than 11:00 a.m., Eastern time on the contractual settlement date; 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 that 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.

In the event that the number of Shares is insufficient on the contractual settlement date, the Trust may deliver the Deposit Securities notwithstanding such deficiency in reliance on the undertaking of the AP to deliver the missing Shares as soon as possible. This undertaking shall be secured by such the AP's delivery on the contractual settlement date and subsequent maintenance of collateral consisting of cash having a value at least equal to 105% of the value of the missing Shares. The AP's agreement permits the Trust, acting in good faith, to purchase the missing Shares at any time and the AP will be subject to liability for any shortfall between the cost to the Trust of purchasing such shares and the value of the collateral, which may be sold by the Trust at such time, and in such manner, as the Trust may determine in its sole discretion.

*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. In addition PowerShares Cleantech™ Portfolio and PowerShares Global Listed Private Equity Portfolio may accept T-1 redemption orders placed after the close of the listing exchange. An AP must contact the distributor prior to submitting a T-1 redemption order. 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 and PowerShares Global Listed Private Equity Portfolio (whether or not they otherwise permit cash redemptions) each 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 the event that the number of Shares is insufficient on trade date plus one, the Trust may deliver the Deposit Securities notwithstanding such deficiency in reliance on the undertaking of the AP to deliver the missing Shares as soon as possible. This undertaking shall be secured by such the AP’s delivery on the contractual settlement date and subsequent maintenance of collateral consisting of cash having a value at least equal to 105% of the value of the missing Shares. The AP’s agreement permits the Trust, acting in good faith, to purchase the missing Shares at any time and the AP will be subject to liability for any shortfall between the cost to the Trust of purchasing such shares and the value of the collateral, which may be sold by the Trust at such time, and in such manner, as the Trust may determine in its sole discretion.

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 also, in its sole discretion, upon request of a shareholder, may 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.* PowerShares Cleantech™ Portfolio and PowerShares Global Listed Private Equity Portfolio generally intend 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). Each 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 2011 in which the regular holidays affecting the relevant securities markets of the below listed countries are as follows:

**ABU DHABI**

February 15	August 30	November 7
June 28	August 31	November 8
June 29	September 1	
August 29	November 6	

**ARGENTINA**

March 7	April 21	August 15	December 9
March 8	April 22	October 10	
March 24	May 25	November 28	
March 25	June 20	December 8	

**AUSTRALIA**

January 3	April 25	June 13	December 26
January 26	April 26	August 1	December 27
March 14	May 2	October 3	
April 22	June 6	November 1	

**AUSTRIA**

January 6	June 13	November 1
April 22	June 23	December 8
April 25	August 15	December 26
June 2	October 26	December 30

**BAHRAIN**

January 2	August 31	November 8	December 18
February 26	September 1	November 27	December 19
May 1	November 6	December 4	
August 30	November 7	December 5	

**BANGLADESH**

February 16	May 17	August 30	November 8
February 21	July 17	August 31	December 6
March 17	August 15	September 1	December 16
March 26	August 22	October 6	
April 14	August 26	November 6	
May 1	August 28	November 7	

**BELGIUM**

April 22  
April 25  
December 26

**BERMUDA**

January 3	June 20	September 5	December 27
April 22	July 28	November 11	
May 24	July 29	December 26	

**BOSNIA-HERZEGOVINA**

January 3	January 7	May 2	November 25
January 4	March 1	May 9	
January 5	April 22	August 30	
January 6	April 25	November 21	

**BOTSWANA**

January 2	April 25	July 18	December 26
January 3	May 2	July 19	December 27
April 22	June 2	September 30	
April 23	July 1	October 1	

**BRAZIL**

January 25	March 9	June 23	November 2
March 7	April 21	September 7	November 15
March 8	April 22	October 12	December 30

**BULGARIA**

March 3	April 25	May 24	September 22
March 4	May 6	September 5	September 23
April 22	May 23	September 6	December 26

**CANADA**

January 3	April 25	August 1	November 11
February 21	May 23	September 5	December 26
April 22	July 1	October 10	December 27

**CHILE**

April 22	September 19	November 1
June 27	October 10	December 8
August 15	October 31	

**CHINA**

January 3	April 4	July 1	October 6
January 17	April 5	July 4	October 7
February 2	April 22	September 5	October 10
February 3	April 25	September 12	November 11
February 4	May 2	September 13	November 24
February 7	May 10	October 3	December 26
February 8	May 30	October 4	December 27
February 21	June 6	October 5	

**COLOMBIA**

January 10	June 6	August 7	November 14
March 21	June 27	August 15	December 8
April 21	July 4	October 17	
April 22	July 20	November 7	

**COSTA RICA**

April 11	July 25	September 15	
April 21	August 2	October 17	
April 22	August 15		

**CROATIA**

January 6	June 23	November 1	
April 25	August 5	December 26	
June 22	August 15		

**CYPRUS**

January 6	April 1	April 26	October 28
March 7	April 22	June 13	December 26
March 25	April 25	August 15	

**CZECH REPUBLIC**

April 25	September 28	December 26	
July 5	October 28		
July 6	November 17		

**DENMARK**

April 21	May 20	June 13	
April 22	June 2	December 26	
April 25	June 3		

**DUBAI**

February 15	August 29	September 1	November 8
June 28	August 30	November 6	
June 29	August 31	November 7	

**DUBLIN**

January 3

**ECUADOR**

March 7	May 1	August 10	December 6
March 8	May 24	November 2	
April 15	July 25	November 3	

**EGYPT**

January 7	April 24	August 31	November 6
January 25	April 25	September 1	November 7
February 15	May 1	October 6	November 8

**ESTONIA**

February 24	May 2	December 26
April 22	June 23	
April 25	June 24	

**FINLAND**

January 6	April 25	December 6
January 21	June 2	December 26
April 22	June 24	

**FRANCE**

April 22  
April 25  
December 26

**GERMANY**

April 22  
April 25  
December 26

**GHANA**

April 22	July 1	December 2
April 25	August 31	December 26
May 25	September 21	December 27

**GREECE**

January 6	April 22	August 15
March 7	April 25	October 28
March 25	June 13	December 26

**HONG KONG**

February 3	April 25	July 1	December 27
February 4	May 2	September 13	
April 5	May 10	October 5	
April 22	June 6	December 26	

**HUNGARY**

March 14	April 25	November 1
March 15	June 13	November 5
March 19	October 31	December 26

**ICELAND**

April 21	June 2	August 1
April 22	June 13	December 26
April 25	June 17	

**INDONESIA**

February 3	June 2	August 30	December 26
February 15	June 29	August 31	
April 22	August 17	September 1	
May 17	August 29	September 2	

**IRELAND**

April 22	October 31
April 25	December 26
August 1	December 27

**ISRAEL**

March 20	May 9	August 9	October 20
April 19	May 10	September 29	
April 25	June 8	October 13	

**ITALY**

April 22  
 April 25

**IVORY COAST**

April 25	June 13	November 1
May 2	August 8	November 15
June 2	August 15	

**JAMAICA**

March 9	May 23	December 26
April 22	August 1	December 27
April 25	October 17	

**JAPAN**

January 3	April 29	July 18	November 3
January 10	May 3	September 19	November 23
February 11	May 4	September 23	December 23
March 21	May 5	October 10	

**JORDAN**

February 15	August 31	November 8
May 1	September 1	November 9
May 25	November 6	December 25
August 30	November 7	December 27

**KAZAKHSTAN**

January 3	March 22	July 6
January 7	March 23	August 30
March 8	May 2	December 16
March 21	May 9	December 19

**KENYA**

April 22	August 31	December 26
April 25	October 20	December 27
June 1	December 12	

**KUWAIT**

January 2	August 31	November 8
February 15	September 1	November 9
June 28	November 7	November 10

**LATVIA**

April 22	June 2	November 18
April 25	June 23	December 26
May 4	June 24	

**LEBANON**

January 6	March 25	August 30	November 22
February 9	April 22	August 31	December 5
February 15	August 15	November 2	

**LITHUANIA**

February 16	June 24	October 31
March 11	July 6	November 1
April 25	August 15	December 26

**LUXEMBOURG**

April 22	June 13	November 1
April 25	June 23	December 26
June 2	August 15	

**MALAYSIA**

January 20	February 15	August 31	November 7
February 1	May 2	September 1	November 28
February 3	May 17	September 16	December 26
February 4	August 30	October 26	

**MALTA**

February 10	April 25	August 15	December 8
March 31	June 7	September 8	December 13
April 22	June 29	September 21	December 26

**MEXICO**

February 7	April 22	November 21	
March 21	September 16	December 12	
April 21	November 2		

**MOROCCO**

January 11	August 31	November 8	
February 16	September 1	November 18	
February 17	November 7		

**NAMIBIA**

March 21	May 2	June 2	December 27
April 22	May 4	August 26	
April 25	May 25	December 26	

**NETHERLANDS**

April 22  
April 25  
December 26

**NEW ZEALAND**

January 3	June 6	December 27	
April 22	October 24		
April 25	December 26		

**NIGERIA**

February 15	May 2	August 31	December 27
April 22	May 27	November 7	
April 25	May 30	December 26	

**NORWAY**

April 21	May 17	December 26	
April 22	June 2		
April 25	June 13		

**OMAN**

February 15	August 31	November 26	.
June 28	November 6		
July 23	November 7		

**PAKISTAN**

February 16	August 1	September 2	December 6
February 17	August 30	November 7	December 7
March 23	August 31	November 8	December 8
July 1	September 1	November 9	

**PALESTINE AUTONOMOUS AREA**

February 15	August 31	November 6	November 15
May 1	September 1	November 8	December 25
August 30	November 5	November 9	December 27

**PERU**

April 22	July 28	November 1
April 24	July 29	December 8
June 29	August 30	

**PHILIPPINES**

April 11	May 2	August 29	November 30
April 21	June 13	November 1	December 30
April 22	August 22	November 28	

**POLAND**

January 6	May 3	November 1
April 22	June 23	November 11
April 25	August 15	December 26

**PORTUGAL**

April 22  
April 25  
December 26

**QATAR**

January 1	August 31	November 7
March 6	September 1	November 8
August 30	November 6	December 18

**ROMANIA**

April 25	December 1
June 13	December 26
August 15	

**SAUDI ARABIA**

August 29	September 3	November 6	November 10
August 30	September 4	November 7	
August 31	September 24	November 8	
September 1	November 5	November 9	

**SERBIA**

January 3	April 22	May 3
January 7	April 25	
February 15	May 2	

**SINGAPORE**

February 3	May 2	August 30	December 26
February 4	May 17	October 26	
April 22	August 9	November 7	

**SLOVAKIA**

January 6	July 5	September 15	December 26
April 22	August 29	November 1	
April 25	September 1	November 17	

**SLOVENIA**

February 8	April 27	October 31
April 22	May 2	November 1
April 25	August 15	December 26

**SOUTH AFRICA**

March 21	April 27	August 9
April 22	May 2	December 16
April 25	June 16	December 26

**SOUTH KOREA**

February 2	March 1	August 15	October 3
February 3	May 5	September 12	December 30
February 4	May 10	September 13	

**SPAIN**

April 22

**SRI LANKA**

January 19	April 13	May 18	October 26
February 4	April 14	June 15	November 10
February 16	April 22	July 14	December 26
February 17	May 2	August 31	
March 2	May 17	October 11	

**SWAZILAND**

April 19	June 2	September 6
April 22	July 6	December 26
April 25	July 22	

**SWEDEN**

January 6	June 2	December 26
April 22	June 6	
April 25	June 24	

**SWITZERLAND**

April 22	June 13
April 25	August 1
June 2	December 26

**TAIWAN**

February 2	February 7	April 5	September 12
February 3	February 28	May 2	October 10
February 4	April 4	June 6	

**THAILAND**

January 3	April 14	May 16	August 12
February 18	April 15	May 17	October 24
April 6	May 2	July 1	December 5
April 13	May 5	July 15	December 12

**TRINIDAD & TOBAGO**

February 7	April 22	June 20	August 31
February 8	April 25	June 23	October 26
March 30	May 30	August 1	December 26

**TUNISIA**

February 15  
 March 21  
 July 25  
 August 30

**TURKEY**

May 19	August 31	November 7
August 29	September 1	November 8
August 30	October 28	November 9

**UGANDA**

January 26	April 25	August 31
March 8	June 3	December 26
April 22	June 9	December 27

**UKRAINE**

January 3	April 25	May 9	August 24
January 7	May 2	June 13	
March 8	May 3	June 28	

**UNITED KINGDOM**

January 3	April 25	May 30	
January 17	April 29	August 29	
April 22	May 2	December 26	

**UNITED STATES**

January 17	July 4	November 11	
February 21	September 5	November 24	
May 30	October 10	December 26	

**URUGUAY**

March 7	April 22	August 25	
March 8	May 16	October 10	
April 21	July 18	November 2	

**VENEZUELA**

January 10	April 21	June 27	October 12
March 7	April 22	July 4	October 31
March 8	June 6	July 5	December 12
April 19	June 24	August 15	

**VIETNAM**

January 3	February 2	February 7	May 2
January 31	February 3	April 11	May 3
February 1	February 4	April 12	September 2

**ZAMBIA**

March 8	May 2	July 5	December 26
April 22	May 25	August 1	
April 25	July 4	October 24	

**ZIMBABWE**

April 18	May 2	August 9	
April 22	May 25	December 22	
April 25	August 8	December 26	

**SETTLEMENT PERIODS GREATER THAN SEVEN DAYS FOR YEAR 2011\***

	<u>Trade Date</u>	<u>Settlement Date</u>	<u>Number of Days to Settle</u>
Austria	4/19	4/27	8
	4/20	4/28	8
	4/21	4/29	8
China	1/26	2/10	15
	1/27	2/11	15
	1/28	2/14	17
	4/27	5/9	12
	4/28	5/10	12
	4/29	5/11	12
	9/28	10/11	13
	9/29	10/12	13
Indonesia	8/24	9/5	12
	8/25	9/6	12
	8/26	9/7	12

	<u>Trade Date</u>	<u>Settlement Date</u>	<u>Number of Days to Settle</u>
Ireland	12/21	12/29	8
	12/22	12/30	8
	12/23	1/3/12	11
Japan	4/27	5/6	9
	4/28	5/9	11
	5/2	5/10	8
Malaysia	1/26	2/7	12
	1/27	2/8	12
	1/28	2/9	12
	8/24	9/2	9
	8/25	9/5	11
	8/26	9/6	11
South Africa	3/14	3/22	8
	3/15	3/23	8
	3/16	3/24	8
	3/17	3/25	8
	3/18	3/28	10
	4/15	4/26	11
	4/18	4/28	10
	4/19	4/29	10
	4/20	5/3	13
	4/21	5/4	13
	4/26	5/5	9
	4/28	5/6	8
	4/29	5/9	10
	6/9	6/17	8
	6/10	6/20	10
	6/13	6/21	8
	6/14	6/22	8
	6/15	6/23	8
	8/2	8/10	8
	8/3	8/11	8
	8/4	8/12	8
	8/5	8/15	10
	8/8	8/16	8
	12/9	12/19	10
	12/12	12/20	8
	12/13	12/21	8
	12/14	12/22	8
	12/15	12/23	8
	12/19	12/27	8
	12/20	12/28	8
12/21	12/29	8	
12/22	12/30	8	
12/23	1/3/12	11	
12/27	1/4/12	8	
12/28	1/5/12	8	
12/29	1/6/12	8	
12/30	1/9/12	10	
Spain	4/18	4/26	8
	4/19	4/27	8
	4/20	4/28	8
Taiwan	1/28	2/8	11
	1/29	2/9	11

\* 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>
<b>Creation through NSCC</b>				
<b>Standard Orders</b>	4:00 p.m. (ET) Order must be received by the Distributor.	No action.	No action.	Creation Unit Aggregations will be delivered.
<b>Custom Orders</b>	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.
<b>Creation Outside NSCC</b>				
<b>Standard Orders</b>	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.
<b>Standard Orders created in advance of receipt by the Trust of all or a portion of the Deposit Securities</b>	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) 105% 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.
<b>Custom Orders</b>	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.
<b>Redemption Through NSCC</b>				
<b>Standard Orders</b>	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.

	<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>
<b>Custom Orders</b>	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.
<b>Redemption Outside NSCC</b>				
<b>Standard Orders</b>	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).	11:00 a.m. (ET)  Fund Shares must be delivered through DTC to the Custodian.  2:00 p.m. (ET)  Cash Component, if any, is due.  *If the order is not in proper form or the Shares are not delivered, then the order will not be deemed received as of T.	No action.	Fund Securities and Cash Redemption Amount is delivered to the redeeming beneficial owner.
<b>Custom Orders</b>	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.	11:00 a.m. (ET)  Fund Shares must be delivered through DTC to the Custodian.  2:00 p.m. (ET)  Cash Component, if any, is due.  *If the order is not in proper form or the Shares are not delivered, then the order will not be deemed received as of T.	No action.	Fund Securities and Cash Redemption Amount is delivered to the redeeming beneficial owner.

## 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) to its shareholders 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 and any undistributed amounts from the prior year plus 98.2% 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 U.S. 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, 2013. In addition, for these tax 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 2013, 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, 2012 (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 Fund’s 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.

*Securities Lending.* While securities are loaned out by a Fund, the Fund will generally receive from the borrower amounts equal to any dividends or interest paid on the borrowed securities. For federal income tax purposes, payments made "in lieu of" dividends are not considered dividend income. These distributions will neither qualify for the reduced rate of federal income taxation for individuals on qualified dividends income, if otherwise available, nor the 70% dividends received deduction for corporations. Also, any foreign tax withheld on payments made "in lieu of" dividends or interest may not qualify for the pass-through of foreign tax credits to shareholders.

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 Custodian calculates and determines the NAV per Share as of the close of the regular trading session on NYSE (ordinarily 4:00 p.m., Eastern time) on each day that such exchange is open. NAV is calculated by deducting all of a Fund's liabilities from the total value of its assets and dividing the result by the number of Shares outstanding, rounding to the nearest cent. All valuations are subject to review by the Trust's Board or its delegate. In determining NAV, expenses are accrued and applied daily and securities and other assets for which

market quotations are available are valued at market value. Securities listed or traded on an exchange generally are valued at the last sales price or official closing price of the exchange where the security primarily is traded. Money market securities maturing in 60 days or less will be valued at amortized cost. Debt and securities not listed on an exchange normally are valued on the basis of prices provided by independent pricing services. The Adviser may use various pricing services or discontinue the use of any pricing service at any time. When price quotes are not readily available, securities will be valued using pricing provided from independent pricing services or by another method that the Adviser, in its judgment, believes will better reflect the securities' fair value in accordance with the Trust's valuation policies and procedures approved by the Board.

Even when market quotations are available, they may be stale or unreliable because the security is not traded frequently, trading on the security ceased before the close of the trading market or issuer specific events occurred after the security ceased trading or because of the passage of time between the close of the market on which the security trades and the close of NYSE and when a Fund calculates its NAV. Events that may cause the last market quotation to be unreliable include a merger or insolvency, events which affect a geographical area or an industry segment, such as political events or natural disasters, or market events, such as a significant movement in the U.S. market. Where market quotations are not readily available, including where the Adviser determines that the closing price of the security is unreliable, the Adviser will value the security at fair value in good faith using procedures approved by the Board. Fair value pricing involves subjective judgments, and it is possible that a fair value determination for a security is materially different than the value that could be realized upon the sale of that security. With respect to securities that are primarily listed on foreign exchanges, the value of a Fund's portfolio securities may change on days when you will not be able to purchase or sell your Shares.

#### **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.* K&L Gates LLP, 70 W. Madison Street, Suite 3100, Chicago, Illinois 60602, 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, 2011 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**

Invesco PowerShares Capital Management LLC (“Invesco PowerShares”) has adopted proxy voting policies with respect to securities owned by the exchange-traded funds (“ETFs”) for which it serves as investment adviser and has the authority to vote proxies. Invesco PowerShares’s proxy voting policies are designed to ensure that proxies are voted in the best interests of an ETF. With respect to implementation of its proxy voting policies, Invesco PowerShares:

- 1) applies its proxy voting policies consistently;
- 2) documents the reasons for voting;
- 3) maintains records of voting activities; and
- 4) monitors to ensure voting recommendations of an independent service provider are in the best interests of shareholders.

**Proxy Voting**

Invesco PowerShares has retained Glass Lewis & Co. to provide in-depth proxy research and has retained Broadridge to provide vote execution and the recordkeeping services necessary for tracking proxy voting for the ETFs. Invesco PowerShares intends to vote according to Glass Lewis & Co.’s voting recommendations. Glass Lewis & Co. specializes in providing a variety of fiduciary-level services related to proxy voting. Please see Exhibit A, Glass Lewis & Co. Proxy Paper Policy Guidelines—An Overview of the Glass Lewis Approach to Proxy Advice 2008 Proxy Season.

**Share blocking**

Invesco PowerShares 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 ETF’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, Invesco PowerShares must balance the benefits 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 Invesco PowerShares will not vote those proxies in the absence of an unusual or significant vote.

**Special Policy**

With respect to the 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, PowerShares KBW High Dividend Yield Financial Portfolio, PowerShares Financial Preferred Portfolio, PowerShares Lux Nanotech Portfolio and PowerShares Senior Loan Portfolio, the Adviser will vote proxies in accordance with Section 12(d)(1)(E), which requires that the Adviser vote the shares in the portfolio of the 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, PowerShares KBW High Dividend Yield Financial Portfolio, PowerShares Financial Preferred Portfolio, PowerShares Lux Nanotech Portfolio and PowerShares Senior Loan Portfolio in the same proportion as the vote of all other holders of such security.