

# PWY

As of September 30, 2010

## Fund Description

The PowerShares Dynamic Small Cap Value Portfolio is based on the Dynamic Small Cap Value Intellidex<sup>SM</sup>, which seeks to provide capital appreciation while maintaining consistent and accurate style exposure. The Fund will normally invest at least 90% of its total assets in common stocks that comprise the Index.

The Style Intellidexes apply a rigorous 10-factor style-isolation process to objectively segregate companies into their appropriate investment style and size universe. Next, each company is thoroughly evaluated to determine its investment merit by analyzing numerous unique financial characteristics from four broad financial perspectives: fundamental, valuation, timeliness and risk.

There are risks involved with investing in ETFs, including possible loss of money. Shares are not actively managed and are subject to risks similar to those of stocks, including those regarding short selling and margin maintenance requirements. Ordinary brokerage commissions apply. Concentrated market-cap investments involve greater risks than more diversified investments.

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

Dynamic Small Cap Value Portfolio	PWY
Intraday NAV (IIV)	PWY.IV
Options	Yes

## Underlying Index Data

Dynamic Small Cap Value Intellidex	ILZ
Index Provider	NYSE Arca

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

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

	Alpha	Beta	Correlation
S&P SmallCap 600 Value	-2.08	0.94	0.95
Russell 2000 Value	-1.80	0.94	0.96
S&P 500	-0.60	1.17	0.85

## Fund Inception: March 3, 2005

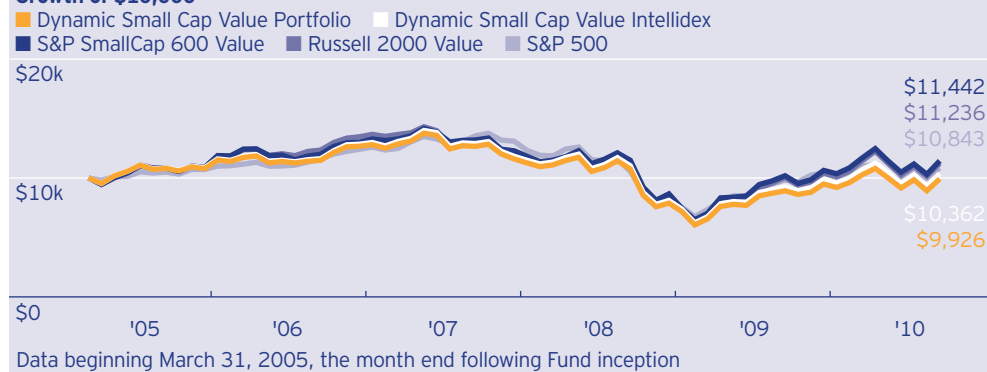
<sup>1</sup> Index returns do not represent Fund returns. An investor cannot invest directly in an index.

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

Neither the underlying Index nor the benchmark indexes charge management fees or brokerage expenses, and no such fees or expenses were deducted from the performance shown; nor do any of the indexes lend securities, and no revenues from securities lending were added to the performance

# PowerShares Dynamic Small Cap Value Portfolio

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



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

	1 Year	3 Year	5 Year	10 Year	Fund Inception <sup>2</sup>
<b>Underlying Index</b>					
Dynamic Small Cap Value Intellidex	12.11	-7.03	-0.94	-	-0.10
<b>Benchmark Indexes</b>					
S&P SmallCap 600 Value	12.29	-4.66	1.08	-	2.09
Russell 2000 Value	11.84	-4.99	0.73	-	1.73
S&P 500	10.18	-7.15	0.64	-	1.14
<b>Fund</b>					
NAV	11.25	-7.79	-1.70	-	-0.87
After Tax Held	11.04	-8.32	-2.13	-	-1.29
After Tax Sold	7.31	-6.82	-1.67	-	-0.96
Market Price	11.19	-7.84	-1.75	-	-0.93

Performance data quoted represents past performance. As stated in the Fund's prospectus, the gross annual fund operating expense ratio is 0.74%. However, the Adviser has contractually agreed to waive fees and/or pay certain Fund expenses which resulted in the total net operating expense of 0.63%. These waivers and reimbursement contracts extend through at least Aug. 30, 2011. Past performance is not a guarantee of future results; current performance may be higher or lower than performance quoted. Investment returns and principal value will fluctuate and Shares, when redeemed, may be worth more or less than their original cost. The Shares' performance reflects fee waivers, absent which performance would have been lower. See [invescopowershares.com](http://invescopowershares.com) to find the most recent month-end performance numbers. After Tax Held represents total return after taxes on distributions and assumes Shares have not been sold. After Tax Sold represents total return after taxes on distributions and the sale of Fund Shares. After-tax returns reflect the highest federal income tax rate but exclude state and local taxes. Market returns are based on the midpoint of the bid/ask spread at 4 p.m. ET and do not represent the returns an investor would receive if shares were traded at other times.

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

	Performance (%)	Volatility (%)	Sharpe Ratio
Dynamic Small Cap Value Intellidex	-0.94	22.33	-0.15
S&P SmallCap 600 Value	1.08	23.20	-0.05
Russell 2000 Value	0.73	23.30	-0.07
S&P 500	0.64	17.59	-0.10

shown. In addition, the results actual investors might have achieved would have differed from those shown because of differences in the timing, amounts of their investments, and fees and expenses associated with an investment in the Fund.

The S&P SmallCap 600 Value Index and the S&P 500<sup>®</sup> Index are unmanaged indexes considered representative of small-cap value stocks and the U.S. stock market, respectively. The Russell 2000<sup>®</sup> Value Index is an unmanaged index considered representative of small-cap value stocks. The

Russell 2000 Value Index is a trademark/service mark of the Frank Russell Co. Russell<sup>®</sup> is a trademark of the Frank Russell Co.

**Shares are not FDIC insured, may lose value and have no bank guarantee.**

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



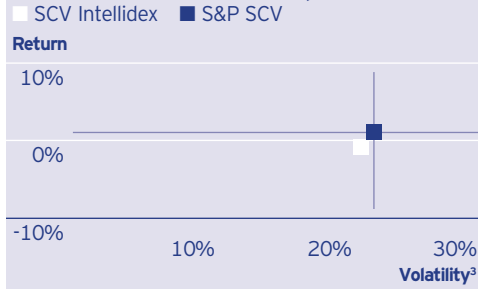
# PowerShares Dynamic Small Cap Value Portfolio

As of September 30, 2010

Top 30 Fund Holdings (%) <sup>4</sup> Name	Weight
Esterline Technologies Corp.	2.59
Wesco International Inc.	2.53
CNO Financial Group Inc.	2.44
Cracker Barrel Old Country Store Inc.	2.41
Chemed Corp.	2.38
Atlas Air Worldwide Holdings	2.37
Brady Corp. (CI A)	2.37
Wolverine World Wide Inc.	2.37
Trustmark Corp.	2.36
Sensient Technologies Corp.	2.36
Children's Place Retail Stores Inc.	2.36
Watts Water Technologies Inc. (CI A)	2.36
Curtiss-Wright Corp.	2.35
Aaron's Inc.	2.35
Rent-A-Center Inc.	2.34
Magellan Health Services Inc.	2.33
Wright Express Corp.	2.32
Delphi Financial Group Inc. (CI A)	2.32
Teledyne Technologies Inc.	2.28
RLI Corp.	2.28
Gymboree Corp.	2.27
International Bancshares Corp.	2.26
Southwest Gas Corp.	2.25
Dollar Thrifty Automotive Group Inc.	2.24
New York Times Co. (CI A)	2.21
Universal American Corp.	2.20
Northwest Bancshares Inc.	2.17
Glacier Bancorp Inc.	2.17
Amerco	2.15
Symetra Financial Corp.	2.14

Style Determinants	SCV Intellidex
Forecasted Earnings Growth	✓
Sales Growth	✓
Cash Flow Growth	✓
Book Growth	✓
Earnings Growth	✓
Price to Forecasted Earnings	✓
Price to Sales	✓
Price to Cash Flow	✓
Price to Book	✓
Dividend Yield	✓

## 5-Year Index Risk/Reward Comparison



## Fund Sector Allocations (%)

Consumer Discretionary	23.80
Consumer Staples	0.40
Energy	1.30
Financials	26.11
Health Care	8.74
Industrials	23.86
Information Technology	6.26
Materials	6.37
Telecommunication Services	0.49
Utilities	2.66

	Annual Index Performance (%)		
	SCV Intellidex	S&P 500	Russell 2000 Value
2004	37.67	23.25	22.25
2005	3.88	6.18	4.71
2006	18.16	19.57	23.48
2007	-7.95	-5.54	-9.78
2008	-31.46	-29.51	-28.92
2009	21.61	22.85	20.58
2010 YTD	5.16	7.54	7.92

## Fund Details<sup>3</sup>

Weighted Harmonic Average Stock Price-to-Earnings Ratio	12.35
Weighted Harmonic Average Stock Price-to-Book-Value Ratio	1.33
Weighted Average Return on Equity	14.60
Weighted Market Cap (mm)	1,184
Number of Securities	100
Expense Cap <sup>5</sup>	0.60%
CUSIP	73935X864
Listing Exchange	NYSE Arca

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

Underlying Index performance does not represent Fund performance.

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

Volatility is the annualized standard deviation of index returns.

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

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

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

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

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

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

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

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

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

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

<sup>5</sup> The weighted costs excluded from the expense cap include: legal fees pertaining to the Fund's shares offered for sale, SEC and state registration fees, initial fees paid to be listed on an exchange and sublicensing fees. The expense cap is not representative of the total expenses the investor may pay. Please refer to the prospectus for a complete fee schedule.

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

A "value" style of investing emphasizes undervalued companies. There is a risk that the valuations may never improve or that the returns on "value" equity securities will decrease.

The Fund may contain securities in the technology, financial, industrials and consumer discretionary sectors. Companies engaged in these sectors are subject to greater risks, and are more greatly impacted by market volatility, than more diversified investments.

Investing in securities of small capitalization companies may involve greater risk than is customarily associated with investing in large companies.

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

Note: Not all products available through all firms.