

# PWZ

As of Dec. 31, 2009

## Fund Description

PowerShares fixed-income portfolios seek to provide income through intelligent indexes that derive their investment decisions from methodologies that incorporate technically advanced and robust institutional investment research.

The PowerShares Insured California Municipal Bond Portfolio is based on The BofA Merrill Lynch California Insured Long-Term Core Plus Municipal Securities Index. The Fund will normally invest at least 80% of its total assets in securities that comprise the Index and generally expects to invest at least 90% of its total assets. The Index is designed to track the performance of U.S.-dollar-denominated, investment-grade, insured, tax-exempt debt publicly issued by California or Puerto Rico or their political subdivisions. The Index is adjusted monthly and its constituents are capitalization-weighted based on their current amount outstanding.

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

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

Insured California Municipal Bond Portfolio	PWZ
Intraday NAV (IIV)	PWZ.IV
# of Holdings	44
CUSIP	73936T441
Listing Exchange	NYSE Arca
Weighted Average Maturity	7/11/2035
30-Day SEC Yield	4.69%
Average Duration	9.53
Average Credit Quality	AA+/Aa3
Expense Ratio	0.35%

## Underlying Index Data<sup>3</sup>

Average Duration	9.69
Average Credit Quality	AA/Aa3
Weighted Average Maturity	5/13/2033
Average Yield to Worst	4.98
# of Holdings	414

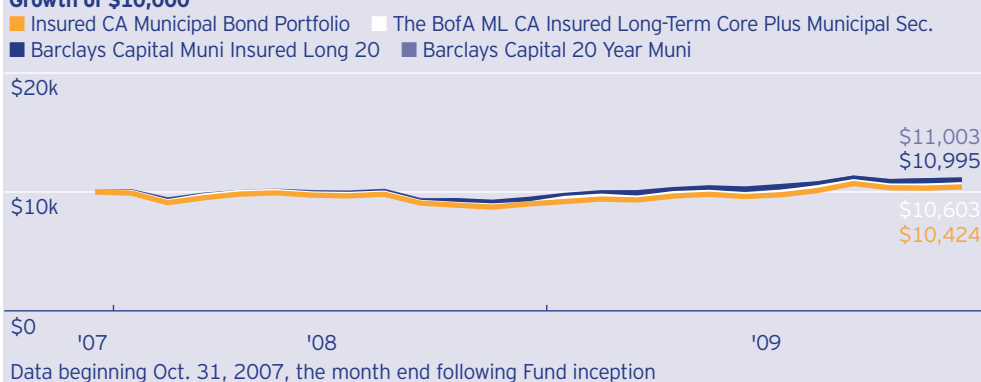
## Fund Inception: Oct. 11, 2007

<sup>1</sup> Index returns do not represent Fund returns. An investor cannot invest directly in an index. The initial publication date of The BofA Merrill Lynch California Insured LT Core Plus Municipal Securities Index is May 22, 2009. Index return data up to May 28, 2009 reflects that of the Merrill Lynch California Insured LT Core Municipal Securities Index. From May 28, 2009 forward, the index return data reflects that of The BofA Merrill Lynch California Insured LT Core Plus Municipal Securities Index.

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

# PowerShares Insured California Municipal Bond 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>					
The BofA ML CA Insured Long-Term Core Plus Municipal Sec.	17.81	-	-	-	2.86
<b>Benchmark Indexes</b>					
Barclays Cap. Muni Ins Long 20	16.59	-	-	-	4.55
Barclays Cap. 20 Year Municipal	18.52	-	-	-	4.56
<b>Fund</b>					
NAV	15.58	-	-	-	2.01
After Tax Held	14.94	-	-	-	1.76
After Tax Sold	11.32	-	-	-	2.12
Market Price	15.71	-	-	-	1.74

Performance data quoted represents past performance. The fund's expense ratio of 0.35% is expressed as a unitary fee; however, the Adviser has voluntarily waived 0.07% of its fee, thereby reducing the expense ratio to 0.28%. The Advisory Fee waiver may be amended or terminated at any time. 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.

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

	Performance (%)	Volatility (%)	Beta	Sharpe Ratio	Correlation
The BofA ML CA Insured Long-Term Core Plus Municipal Sec.	17.81	5.72	-	3.05	-
Barclays Cap. Muni Ins Long 20	16.59	4.51	1.18	3.60	0.87
Barclays Cap. 20 Year Municipal	18.52	4.41	1.21	4.11	0.88

Neither the underlying Index nor the benchmark indexes charge management fees or brokerage expenses, and no such fees or expenses were deducted from the performance shown; nor do any of the indexes lend securities, and no revenues from securities lending were added to the performance shown. In addition, the results actual investors might have achieved would have differed from those shown because of differences in the timing, amounts of their investments, and fees and expenses associated with an investment in the Fund.

The Barclays Capital Municipal Insured Long 20 Index and the Barclays Capital 20 Year Municipal Bond Index are unmanaged indexes of insured

municipal securities and municipal bonds with a remaining maturity of 17 to 22 years, respectively.

**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 Insured California Municipal Bond Portfolio

As of Dec. 31, 2009

Top 10 Fund Holdings <sup>4</sup>				
Name	Coupon	Maturity	S&P/Moody's Rating	Weight (%)
San Bernardino Calif. Cmnty. College	6.25	8/1/2033	AA-/Aa3	6.93
El Dorado Ca. Irr. Dist. Ctf. Partn.	5.75	8/1/2039	AAA/Aa3	6.45
Sacramento Calif. Area Flood Ctl.	5.625	10/1/2037	AAA/Aa1	4.97
Los Angeles Cnty. Calif. Met.	5.00	7/1/2035	AAA/Aa3	4.73
Antelope Valley Calif. Cmnty.	5.25	8/1/2039	AA-/Aa3	4.27
Puerto Rico Comwth.	5.00	7/1/2031	AAA/Aa3	3.44
East Bay Calif. Mun. Util. Dist. W.	5.00	6/1/2032	AAA/Aa2	3.21
Los Angeles Calif. Mun.	5.50	4/1/2039	AAA/Aa3	3.21
California Statewide Cmnty. Rev.	5.75	7/1/2047	AA-/A1	3.17
Richmond Calif. Jt. Pwrs. Fing. Auth.	5.75	8/1/2029	AAA/Aa3	3.14

Credit Ratings (%) <sup>3</sup>	S&P		Moody's	
	S&P	Moody's	S&P	Moody's
AAA/Aaa	59.11	-	-	-
AA/Aa	29.52	82.88	-	-
A/A	5.89	7.54	-	-
BBB/Baa	1.11	5.14	-	-
BB/Ba	-	-	-	-
B/B	-	-	-	-
Other	4.36	4.44	-	-

	Annual Index Performance (%)		
	The BofA ML CA Ins Muni	Barclays Muni Ins	Barclays 20 Year
2008	-10.19	-6.27	-7.65
2009	17.81	16.59	18.52

Maturity (years)	Weight (%)	
	Weight (%)	Weight (%)
0 - 1	-	-
1 - 5	-	-
5 - 10	-	-
10 - 15	-	-
15 - 20	-	4.75
20 - 25	-	42.99
25+	-	52.26

## 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 monthly 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.

Weighted Average Maturity is the weighted average date to the final payment of each issue.

The credit quality of the Fund's holdings represents the weighted average quality rating of the securities in the portfolio as assigned by Nationally Recognized Statistical Rating Organizations based on assessment of the credit worthiness of the underlying securities. The ratings range from AAA (highest) to D (lowest).

Average Yield to Worst is the average yield to maturity if the worst possible bond repayment takes place.

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

Shares are subject to risks similar to those of investing in any fund of municipal fixed income securities traded on exchanges, including credit, interest rate and general market risks, as well as those risks related to short selling and margin maintenance.

Generally, the prices of income securities tend to fall as interest rates rise.

Shares are subject to market fluctuations caused by such factors as economic, political, regulatory or market developments, changes in interest rates and perceived trends in securities prices.

California's current economic problems increase the risk of investing in California municipal obligations, including the risk of potential issuer default, and also heighten the risk that the prices of California municipal obligations, and the Fund's net asset value, will experience greater volatility. Please see the prospectus supplement for complete information.

Please see the prospectus for more complete information regarding an investment in the Funds.

**Municipal securities are subject to risks including, but not limited to risks associated with litigation, legislation, changes in taxation, or other political events, local business or economic conditions, bankruptcy of the issuer or other circumstances that could have a significant effect on an issuer's ability to make payments of principal and/or interest.** In addition, changes in the financial condition of an individual municipal insurer or conditions of the market in which the project was financed can affect the overall municipal market.

The Fund's use of a representative sampling approach will result in its holding a smaller number of bonds than are in the underlying Index, and may be subject to greater volatility.

**There is no guarantee that the Fund's income will be exempt from federal or state income taxes.**

A substantial portion of the municipal securities held by the PowerShares Insured California Municipal Bond Fund will be covered by insurance that guarantees the bond's scheduled payment of interest and repayment of principal. Municipal security insurance does not insure against market fluctuations or fluctuations in the Fund's share price. In addition, a municipal security insurance policy will not cover: (i) repayment of a municipal security before maturity (redemption), (ii) prepayment or payment of an acceleration premium (except for a mandatory sinking fund redemption) or any other provision of a bond indenture that advances the maturity of the bond or (iii) nonpayment of principal or interest caused by negligence or bankruptcy of the paying agent.

The Fund may not be fully invested at times, either as a result of cash flows into the fund or reserves of cash held by the Fund to meet redemptions and expenses.

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

Note: Not all products available through all firms.