

Quantitative Strategies ETFs

Tap the expertise of some of today's
most innovative index providers

Designed to track innovative indexes that were created
as models for investment.

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

PowerShares ETFs are subject to special risks. Please refer to the back cover for more complete information.

Quantitative Strategies ETFs

When the first exchange-traded fund (ETF) was launched in 1993, its purpose was simple: to track the S&P 500 Index. When the S&P 500 Index was created – with origins dating back to 1923 – its purpose was also simple: to serve as a benchmark of the U.S. equities market.

Many investors today are quite content to let their portfolios track the returns of a simple benchmark index.

But others are not.

With this in mind, Invesco PowerShares has created one of the industry's most extensive lineups of ETFs, most of which follow indexes that have been created specifically to serve as models for investment.

Your financial goals and dreams are unique. Shouldn't your financial tools be, as well?

Quantitative strategies from innovative index providers

Investors may be most familiar with our Dynamic ETF family, which uses intelligent stock-selection techniques, or our FTSE RAFI® Fundamental Index® ETFs, which weight stocks according to company fundamentals. But there are also many other quantitative strategies in our lineup that may interest investors looking for innovative, next-generation investments.

Invesco PowerShares has teamed with some of the industry's most innovative index providers – the Chicago Board Options Exchange (CBOE), Dorsey Wright & Associates (DWA), Mergent, Value Line and Zacks Investment Research – to provide ETFs that follow quantitative investment strategies. These strategies are grounded in extensive research, market data and proprietary methodologies.

The S&P 500® Index is an unmanaged index considered representative of the U.S. stock market.

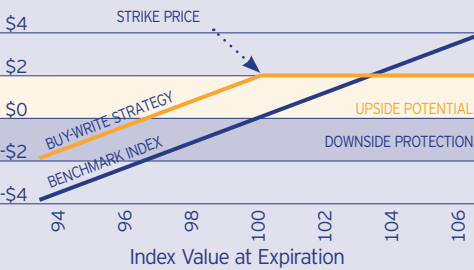
There are risks involved with investing in ETFs, including possible loss of money. Shares are not actively managed and are subject to risks similar to those of stocks, including those related to short selling and margin maintenance. Ordinary brokerage commissions apply.

Quantitative Strategies ETFs

CBOE Strategy Highlights

- Provides potential additional income through the buy-write strategy
- Offers potential downside protection in exchange for some upside potential
- Seeks to provide lower portfolio volatility
- Does not require lengthy options research or “manual” call writing

The Buy-Write Strategy



For illustrative purposes only.

Relative Strength

Relative strength measures a stock's performance in relation to its peers. According to DWA, relative strength improves on basic trend following because it relies on objective data, as opposed to forecasting and subjective research.

Added Value through DWA

- Uses state-of-the-art Point & Figure charting methodology
- Has published numerous financial education resources
- Uses proprietary technical analysis to analyze stocks on a quarterly basis to determine when to buy and sell

Chicago Board Options Exchange

Chicago Board Options Exchange (CBOE), the world's first options risk-management marketplace and one of the largest securities exchanges in the world, has created innovative indexes implementing buy-write strategies. Invesco PowerShares offers two ETFs based on CBOE BuyWrite Indexes.

The buy-write strategy

A buy-write strategy, also called a covered call strategy, is an investment strategy in which an investor or adviser buys a stock or a basket of stocks and sells (“writes”) call options that cover the stock position.

Buy-write strategies are often used to reduce volatility under certain market conditions. In flat and down markets, for example, the option premium received may help mitigate the price decline in an equity portfolio. The trade-off is that in strong equity markets, the upside potential of the equity investment is lessened as the option is exercised above the strike price. In other words, a buy-write strategy protects against some of the stock's downside loss in exchange for some of the upside potential.

The chart to the left is an illustration of a profit/loss profile of the buy-write strategy executed at a strike price of 100 with a call option premium of \$2. It is important to note that a covered call strategy cannot prevent losses in a declining market.

The options strategies discussed above may not be suitable for all investors.

Dorsey Wright & Associates

The Invesco PowerShares family of Technical Leaders portfolios is designed to provide investors global access to companies that demonstrate powerful and timely relative strength characteristics.

Relative strength analysis has existed in various forms for nearly 100 years, but Dorsey Wright & Associates (DWA) believes it has refined this investment criterion, creating a robust tool for sector rotation, stock selection and portfolio management.

Identifying “Technical Leaders” through relative strength

While fundamentals address the question of what to buy and sell, technicals seek to answer the question of when to buy and sell. These are ultimately the two most important decisions affecting portfolio performance.

DWA's quarterly decision of when to buy or sell depends on the results of multiple technical market indicators. The selected indicators are tracked via a state-of-the-art research system that analyzes the relative strength of more than 3,000 individual stocks from various broad industry sectors and subsectors. The firm employs an experienced team of analysts, led by its two principals, Thomas J. Dorsey and Watson H. Wright, to interpret the results and identify possible performance trends and sectors that may have moved in or out of favor.

Why DWA?

DWA's systematic Point & Figure approach to relative strength has allowed DWA to identify what it believes to be both the strongest and weakest investment trends, including major market shifts like the technology move in the late '90s, as well as the energy and basic materials moves over the past couple of years.

Quantitative Strategies ETFs

Mergent Strategy Highlights

- Mergent seeks above-average returns with lower volatility than the marketplace
- Dividend Achievers have proven track records of rewarding shareholders through continuous dividend growth
- Buyback Achievers are based on actual share buybacks, not just announcements

Mergent bestows its esteemed Dividend Achiever and Buyback Achiever designations on an elite group of companies that have demonstrated commitment to rewarding shareholders through dividend growth and outstanding share buybacks regardless of economic conditions.

Mergent

Mergent Inc. is a leading provider of global business and financial information on publicly traded financial companies and fixed-income securities.

Using this data, Mergent has conducted extensive research into corporate dividend growth and share buybacks for more than 30 years. With this in mind, Mergent bestows its esteemed Dividend Achiever™ and Buyback Achiever™ designations on an elite group of companies that have demonstrated commitment to rewarding shareholders through dividend growth and outstanding share buybacks regardless of economic conditions.

Dividend Achievers

The companies in this select group have demonstrated commitment to rewarding shareholders through continuous dividend growth regardless of the economic conditions. To earn the designation of Dividend Achiever, a domestic company must have increased its regular annual dividend every year for each of the last 10 years, while an international company must have increased its annual dividend each of the last five years.

Additionally, the Dividend Achievers™ and International Dividend Achievers™ Indexes have 100% qualified dividend income. With this preferred classification, Dividend Achievers, when compared with other income-generating investments, have the potential to increase a portfolio's after-tax income.¹

This methodology forms the basis for the Invesco PowerShares family of Dividend Achievers portfolios.

Buyback Achievers

Mergent has conducted extensive research into corporate share buybacks for more than 30 years and has discovered that companies with a shrinking number of shares outstanding have consistently produced above-average returns with lower volatility than the marketplace.

While many companies authorize share-repurchase programs, not all of them will necessarily reduce their share base. And, even as some companies repurchase shares, they may also have stock options issued that, when exercised, counter the positive effect of reducing the number of shares outstanding.

Mergent pays close attention to what companies are doing with their share quantities, not just to what they are saying. To earn the Buyback Achiever designation, a domestic company must have repurchased at least 5% or more of its outstanding shares for the trailing 12 months.

This methodology forms the basis for the Invesco PowerShares Buyback Achievers portfolio.

¹ Assumes a 15% tax rate on qualified dividend income compared with a 35% tax rate on non-qualified income. You cannot invest directly in an index. Invesco PowerShares does not offer tax advice. Please consult your tax adviser regarding your own personal tax situation.

Quantitative Strategies ETFs

Value Line Strategy Highlights

- Seeks to identify companies with the potential to outperform
- Considers relative risk on three levels: timeliness, safety and technical
- Attempts to predict short-term price movements

Value Line has provided its subscribers unbiased, independent and objective research for more than 70 years.

Zacks Strategy Highlights

- Uses earnings surprises as a predictor of future stock performance
- Focuses on absolute return potential

Zacks research shows that companies reporting strong positive earnings surprises tend to outperform the market for 90 days following their report.

Value Line

Founded in 1931, independent research firm Value Line is known for its proprietary Timeliness, Safety and Technical ranking systems, which form the basis for two Invesco PowerShares ETFs.

Timeliness

The Timeliness™ Ranking System establishes the rank of a stock's potential relative market performance for the year ahead, using numerous inputs such as long-term price and earnings history, recent price and earnings momentum, and earnings surprise.

Safety

The Safety™ Ranking System measures the potential risk associated with individual common stocks when compared with the other 1,700 stocks in the Value Line universe. The Safety rank considers price stability and financial strength.

Technical

The Technical™ Ranking System attempts to predict short-term price movements of stocks during a three- to six-month time period. The ranking is based on an analysis of the stock's historical price performance relative to the historical price performance of the entire universe followed by Value Line.

Zacks

Founded in Chicago in 1978, Zacks created the first estimate revision model in 1982 and originated the concept of using the "earnings surprise" as a predictor of future stock performance.

Invesco PowerShares currently offers two ETFs based on indexes from Zacks Investment Research, one of the industry's top providers of market data and proprietary investment models.

Earnings surprise

Prior to Zacks' existence, investors generally used historical earnings to calculate what a company might be expected to earn in the coming quarter. But based on years of quantitative study and practical application, Zacks believes that earnings surprises are a strong and accurate predictor of future stock performance.

A company experiences a positive earnings surprise when it reports quarterly or annual earnings higher than the expectations of Wall Street's analysts. Zacks has found that companies reporting strong positive earnings surprises tend to outperform the market for 90 days following their report.

Why Zacks?

Zacks uses its research to create proprietary investment models for some of the most widely known institutions in the financial industry. At any given time, Zacks is monitoring well over 200,000 earnings estimate revisions and changes in broker recommendations from more than 150 brokerage firms.

Quantitative Strategies ETFs

Chicago Board Options Exchange

PBP PowerShares S&P 500 BuyWrite Portfolio
PQBW PowerShares NASDAQ-100 BuyWrite Portfolio

Dorsey Wright & Associates

PDP PowerShares DWA Technical Leaders Portfolio
PIZ PowerShares DWA Developed Markets Technical Leaders Portfolio
PIE PowerShares DWA Emerging Markets Technical Leaders Portfolio

Mergent

PKW PowerShares Buyback Achievers Portfolio
PFM PowerShares Dividend Achievers Portfolio
PEY PowerShares High Yield Equity Dividend Achievers Portfolio
PID PowerShares International Dividend Achievers

Value Line

PYH PowerShares Value Line Industry Rotation Portfolio
PIV PowerShares Value Line Timeliness Select Portfolio

Zacks

PZI PowerShares Zacks Micro Cap Portfolio
PZJ PowerShares Zacks Small Cap Portfolio

