

XLBS

As of December 31, 2010

Fund Description

The PowerShares S&P SmallCap Materials Portfolio is based on the S&P SmallCap 600 Capped Materials Index®. The Fund will normally invest at least 90% of its total assets in common stocks that comprise the Index. The Index is designed to measure the overall performance of common stocks of U.S. basic materials companies. These companies are principally engaged in the business of producing raw materials, including paper or wood products, chemicals, construction materials, and mining and metals.

The Index is a subset of the S&P SmallCap 600 Index, which is a float-adjusted, market-capitalization-weighted index reflecting the U.S. small-cap 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. Ordinary brokerage commissions apply. Concentrated industry investments involve greater risks than more diversified investments.

Fund Data³

PowerShares S&P SmallCap Materials Portfolio	XLBS
Intraday NAV (IIV)	XLBS.IV

Underlying Index Data

S&P SmallCap 600 Capped Materials Index Provider	SPSU6MT Standard and Poor's
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PowerShares S&P SmallCap Materials Portfolio

Fund Performance & Index History (%)¹

	1 Year	3 Year	5 Year	10 Year	Fund Inception ²
Underlying Index					
S&P SmallCap 600 Capped Materials	-	-	-	-	11.80
Benchmark Index					
S&P SmallCap 600	-	-	-	-	16.30
Fund					
NAV	-	-	-	-	11.62
After Tax Held	-	-	-	-	11.42
After Tax Sold	-	-	-	-	7.53
Market Price	-	-	-	-	11.62

This is a new Fund and therefore does not have a full year of performance to report as of the most recent quarter end. Performance data quoted represents past performance. As stated in the Fund's prospectus, the expense ratio of 0.29% is expressed as a unitary fee to cover expenses incurred in connection with managing the portfolio. 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. See 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.

Fund Inception: April 7, 2010

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

² 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 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 Index is a market-value weighted index that consists of 600 small-cap U.S. stocks chosen for market size, liquidity and industry group representation.

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.

As of December 31, 2010

Top 30 Fund Holdings (%) ⁴	
Name	Weight
Texas Industries Inc.	5.71
Eagle Materials Inc.	5.60
OM Group Inc.	5.33
PolyOne Corp.	5.24
Schweitzer-Mauduit International Inc.	5.09
H.B. Fuller Co.	4.51
Balchem Corp.	4.33
Arch Chemicals Inc.	4.28
Clearwater Paper Corp.	4.03
Century Aluminum Co.	3.94
Calgon Carbon Corp.	3.82
Buckeye Technologies Inc.	3.72
STR Holdings Inc.	3.71
RTI International Metals Inc.	3.64
AMCOL International Corp.	3.50
Brush Engineered Materials Inc.	3.50
Kaiser Aluminum Corp.	3.32
A. Schulman Inc.	3.23
Deltic Timber Corp.	2.72
Stepan Co.	2.65
KapStone Paper & Packaging Corp.	2.62
Quaker Chemical Corp.	2.13
Zep Inc.	1.94
Wausau Paper Corp.	1.89
LSB Industries Inc.	1.77
Myers Industries Inc.	1.54
A.M. Castle & Co.	1.38
Neenah Paper Inc.	1.30
Headwaters Inc.	1.24
Olympic Steel Inc.	1.18

Fund Details ³	
Weighted Harmonic Average	
Stock Price-to-Earnings Ratio	18.21
Weighted Harmonic Average	
Stock Price-to-Book-Value Ratio	1.82
Weighted Average Return on Equity	10.59
Weighted Market Cap (mm)	902
Number of Securities	32
Expense Ratio	0.29%
CUSIP	73937B852
Listing Exchange	NASDAQ

	Annual Index Performance (%)	
	S&P SmallCap 600 Capped Materials	S&P Small-Cap 600
2010	-	26.31

Fund Market-Cap Allocations (%)	
Large-Cap Growth	-
Large-Cap Value	-
Mid-Cap Growth	-
Mid-Cap Value	-
Small-Cap Growth	45.64
Small-Cap Value	54.36

Fund Industry Allocations (%)	
Chemicals	44.06
Paper & Forest Products	21.37
Metals & Mining	20.48
Construction Materials	12.55
Containers & Packaging	1.54

Leading the Intelligent ETF Revolution®

Underlying Index performance does not represent Fund performance.

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

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 outlying data points.

Weighted Average Return on Equity is net income divided by shareholders' equity.

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

⁴ Please see the website for complete holdings information. Holdings are subject to change.

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

The Fund contains securities in the basic materials sector. Companies engaged in this sector are subject to greater risks, and are more greatly impacted by market volatility, than more diversified investments.

The Fund is considered non-diversified and may be subject to greater risks than a diversified fund.

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

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regarding the advisability of buying, selling or holding units/shares in the Fund.

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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 for a prospectus. Please read the prospectus carefully before investing.

Note: Not all products available through all firms.

Supplemental Information

At close of business on March 22, 2011, the following Funds' ticker symbols will change. The Funds' names, underlying index names and index tickers will remain the same. The new tickers will take effect on March 23, 2011. Please reference the table below for these changes.

Portfolio Name	Old Ticker	New Ticker
PowerShares S&P SmallCap Consumer Discretionary Portfolio	XLYS	PSCD
PowerShares S&P SmallCap Consumer Staples Portfolio	XLPS	PSCC
PowerShares S&P SmallCap Energy Portfolio	XLES	PSCE
PowerShares S&P SmallCap Financials Portfolio	XLFS	PSCF
PowerShares S&P SmallCap Health Care Portfolio	XLVS	PSCH
PowerShares S&P SmallCap Industrials Portfolio	XLIS	PSCI
PowerShares S&P SmallCap Information Technology Portfolio	XLKS	PSCT
PowerShares S&P SmallCap Materials Portfolio	XLBS	PSCM
PowerShares S&P SmallCap Utilities Portfolio	XLUS	PSCU
PowerShares QQQ	QQQQ	QQQ

For additional information call Invesco PowerShares at 800 983 0903.

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Note: Not all products available through all firms

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ALPS Distributors, Inc. is the distributor of PowerShares QQQ, a unit investment trust. Invesco PowerShares is not affiliated with ALPS Distributors, Inc.

An investor should consider the Funds' investment objective, risks, charges and expenses. For this and more complete information about the Funds, call 800 983 0903 or visit invescopowershares.com for a prospectus. Please read the prospectus carefully before investing.