



INFORMATION CIRCULAR: POWERSHARES EXCHANGE-TRADED FUNDS

TO: Head Traders, Technical Contacts, Compliance Officers, Heads of ETF Trading,
Structured Products Traders

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EXCHANGE-TRADED FUND

SYMBOL CUSIP

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BACKGROUND INFORMATION ON THE FUND

The PowerShares Exchange-Traded Fund Trust I (“Trust I”) and PowerShares Exchange-Traded Fund Trust II (“Trust II”) (each, a “Trust” and together, the “Trusts”) are management investment companies registered under the Investment Company Act of 1940, as amended (the “1940 Act”), consisting of several investment portfolios. This circular relates only to the Funds listed above (each, a “Fund” and together, the “Funds”). The shares of the Funds are referred to herein as “Shares.” Invesco PowerShares Capital Management LLC (the “Adviser”) is the investment adviser to the Funds.

PowerShares DWA NASDAQ Momentum Portfolio

The PowerShares NASDAQ Momentum Portfolio (the “DWAQ Fund”) seeks investment results that generally correspond (before fees and expenses) to the price and yield of the Dorsey Wright NASDAQ Technical Leaders Index (the “DWAQ Underlying Index”).

The DWAQ Fund generally will invest at least 90% of its total assets in common stocks of companies that comprise the Underlying Index. Strictly in accordance with its guidelines and mandated procedures, Dorsey, Wright and Associates, LLC (“Dorsey Wright” or the “Index Provider”) includes securities in the Underlying Index pursuant to a proprietary selection methodology that is designed to identify companies that demonstrate powerful relative strength characteristics based upon their market performance. “Relative strength” is an investing technique that seeks to determine the strongest performing securities by measuring certain factors, such as a security’s relative performance against the overall market or a security’s relative strength value, which is derived by comparing the rate of increase of the security’s price over a set period as compared to that of a benchmark index.

The Index Provider selects approximately 100 common stocks for inclusion in the DWAQ Underlying Index from an eligible universe of approximately 1,000 securities of large capitalization companies that trade on The NASDAQ Stock Market LLC (“NASDAQ”) and that are included in the NASDAQ Composite Index. The Index Provider then uses its proprietary methodology to determine a “momentum” score for each security within the universe of eligible securities. In general, momentum is the tendency of an investment to exhibit persistence in its relative performance; a “momentum” style of investing emphasizes investing in securities that have had better recent performance compared to other securities. The momentum score for each security included in the DWAQ Underlying Index is based on intermediate and long-term upward price movements of the security as compared to a representative benchmark and other eligible securities within the universe.

The Index Provider includes in the DWAQ Underlying Index the 100 securities with the highest momentum scores, with higher scoring securities receiving larger weights within the Underlying Index. The DWAQ Fund generally invests in all of the securities comprising the DWAQ Underlying Index in proportion to their weightings in the DWAQ Underlying Index.

PowerShares DWA SmallCap Momentum Portfolio

The PowerShares DWA SmallCap Momentum Portfolio (the “DWAS Fund”) seeks investment results that generally correspond (before fees and expenses) to the price and yield of the Dorsey Wright® SmallCap Technical Leaders™ Index (the “DWAS Underlying Index”).

The DWAS Fund generally will invest at least 90% of its total assets in equity securities of small capitalization companies that comprise the DWAS Underlying Index. Dorsey, Wright & Associates, LLC (“Dorsey Wright” or the “Index Provider”) selects such securities pursuant to its proprietary selection methodology, which is designed to identify securities that demonstrate powerful relative strength characteristics.

“Relative strength” is an investing technique that seeks to determine the strongest performing securities by measuring certain factors, such as a security’s relative performance against the overall market or a security’s relative strength value, which is derived by comparing the rate of increase of the security’s price over a set period as compared to that of a benchmark index.

Dorsey Wright selects securities for inclusion in the Underlying Index from an eligible universe of the smallest 2,000 constituents by market capitalization that trade on a U.S. exchange and that are included within the NASDAQ US Benchmark Index. The Index Provider assigns a relative strength score to each eligible security and selects approximately 200 securities with the greatest scores for inclusion in the Underlying Index. Component security weights are based on relative scores, with securities with higher scores receiving larger weights.

The DWAS Fund generally invests in all of the securities comprising the Underlying Index in proportion to their weightings in the DWAS Underlying Index.

PowerShares KBW Bank Portfolio

The PowerShares KBW Bank Portfolio (the “KBWB Fund”) seeks investment results that generally correspond (before fees and expenses) to the price and yield of the KBW Nasdaq Bank Index (the “KBWB Underlying Index”).

The KBWB Fund generally will invest at least 90% of its total assets in securities of national money centers (which are banks with more than \$50 billion in assets and that have a branch network across geographic regions) and regional banks and thrifts that are listed on a U.S. national securities exchange and that comprise the KBWB Underlying Index. Keefe, Bruyette & Woods, Inc. (“KBW Nasdaq” or the “Index Provider”) compiles, calculates and maintains the Underlying Index, which is a modified-market capitalization-weighted index that seeks to reflect the performance of national money centers and regional banks and thrifts that are publicly traded in the U.S. The KBWB Fund generally invests in all of the securities comprising the KBWB Underlying Index in proportion to their weightings in the KBWB Underlying Index.

PowerShares KBW High Dividend Yield Financial Portfolio

The PowerShares KBW High Dividend Yield Financial Portfolio (the “KBWD Fund”) seeks investment results that generally correspond (before fees and expenses) to the price and yield of the KBW Nasdaq Financial Sector Dividend Yield Index (the “KBWD Underlying Index”).

The KBWD Fund generally will invest at least 90% of its total assets in the securities of publicly listed financial companies that principally are engaged in the business of providing financial services and products, including banking, insurance and diversified financial services, in the United States and that comprise the KBWD Underlying Index. Keefe Bruyette & Woods, Inc. (“KBW Nasdaq” or the “Index Provider”) compiles, maintains and calculates the KBWD Underlying Index, which is a modified-

dividend yield-weighted index that seeks to reflect the performance of such companies. The KBWD Fund generally invests in all of the securities comprising the KBWD Underlying Index in proportion to their weightings in the KBWD Underlying Index.

PowerShares KBW Property & Casualty Insurance Portfolio

The KBW Property & Casualty Insurance Portfolio (the “KBWP Fund”) seeks investment results that generally correspond (before fees and expenses) to the price and yield of the KBW Nasdaq Property & Casualty Index (the “KBWP Underlying Index”).

The KBWP Fund generally will invest at least 90% of its total assets in the securities of property and casualty insurance companies that comprise the KBWP Underlying Index. Keefe, Bruyette & Woods, Inc. (“KBW Nasdaq” or the “Index Provider”) compiles, maintains and calculates the KBWP Underlying Index, which is a modified-market capitalization-weighted index that seeks to reflect the performance of such companies. The KBWP Fund generally invests in all of the securities comprising the KBWP Underlying Index in proportion to their weightings in the KBWP Underlying Index.

PowerShares KBW Regional Banking Portfolio

The PowerShares KBW Regional Banking Portfolio (the “KBWR Fund”) seeks investment results that generally correspond (before fees and expenses) to the price and yield of the KBW Nasdaq Regional Banking Index (the “KBWR Underlying Index”).

The KBWR Fund generally will invest at least 90% of its total assets in securities of publicly traded mid-capitalization companies that do business as regional banks and thrifts listed on U.S. stock markets and that comprise the KBWR Underlying Index. Keefe, Bruyette & Woods, Inc. (“KBW Nasdaq” or the “Index Provider”) compiles, maintains and calculates the KBWR Underlying Index, which is a modified-market capitalization-weighted index comprised of securities of 50 mid-cap banking companies that are publicly listed in the United States. The KBWR Fund generally invests in all of the securities comprising the KBWR Underlying Index in proportion to their weightings in the KBWR Underlying Index.

PowerShares KBW Premium Yield Equity REIT Portfolio

The PowerShares KBW Premium Yield Equity REIT Portfolio (the “KBWY Fund”) seeks investment results that generally correspond (before fees and expenses) to the price and yield of the KBW Nasdaq Premium Yield Equity REIT Index (the “KBWY Underlying Index”).

The KBWY Fund generally will invest at least 90% of its total assets in the securities of small- and mid-cap equity REITs in the United States that comprise the Underlying Index. Keefe, Bruyette & Woods, Inc. (“KBW Nasdaq” or the “Index Provider”) compiles, maintains and calculates the KBWY Underlying Index, which is a modified-dividend yield-weighted index that seeks to reflect the performance of such companies. The KBWY Fund generally invests in all of the securities comprising the KBWY Underlying Index in proportion to their weightings in the KBWY Underlying Index.

PowerShares DWA Momentum Portfolio

The PowerShares DWA Momentum Portfolio (the “PDP Fund”) seeks investment results that generally correspond (before fees and expenses) to the price and yield of the Dorsey Wright Technical Leaders Index (the “PDP Underlying Index”).

The PDP Fund generally will invest at least 90% of its total assets in common stocks that comprise the PDP Underlying Index. The PDP Underlying Index is composed of approximately 100 common stocks from an eligible universe of approximately 1,000 securities of large capitalization companies that trade on any U.S. exchange and that are included within the NASDAQ Composite Index. Strictly in accordance with its guidelines and mandated procedures, Dorsey, Wright & Associates, LLC (“Dorsey Wright” or the “Index Provider”) includes common stocks pursuant to a proprietary selection methodology that is designed to identify companies that demonstrate powerful relative strength characteristics. The Index Provider bases these relative strength characteristics on each security’s market performance. The PDP Fund generally invests in all of the securities comprising its Underlying Index in proportion to their weightings in the PDP Underlying Index.

PowerShares High Yield Equity Dividend Achievers Portfolio

The PowerShares High Yield Equity Dividend Achievers Portfolio (the “PEY Fund”) seeks investment results that generally correspond (before fees and expenses) to the price and yield of the NASDAQ US Dividend Achievers 50 Index (the “PEY Underlying Index”).

The PEY Fund generally will invest at least 90% of its total assets in common stocks of companies that comprise the PEY Underlying Index. Strictly in accordance with its guidelines and mandated procedures, Nasdaq, Inc. (“Nasdaq” or the “Index Provider”) includes common stocks in the PEY Underlying Index that have a consistent record of dividend increases, principally on the basis of dividend yield and consistent growth in dividends. As of June 30, 2016, the PEY Underlying Index was composed of 50 companies. To qualify for inclusion in the PEY Underlying Index, an issuer must have increased its annual regular cash dividend payments for each of its last ten or more calendar or fiscal years, and must have a minimum market capitalization of \$1 billion. The PEY Fund generally invests in all of the securities comprising its PEY Underlying Index in proportion to their weightings in the PEY Underlying Index.

PowerShares DWA Consumer Cyclical Momentum Portfolio

The PowerShares DWA Consumer Cyclical Momentum Portfolio (the “PEZ Fund”) seeks investment results that generally correspond (before fees and expenses) to the price and yield of the Dorsey Wright® Consumer Cyclical Technical Leaders Index (the “PEZ Underlying Index”).

The PEZ Fund generally will invest at least 90% of its total assets in common stocks of companies that comprise the Underlying Index. The PEZ Underlying Index is composed of at least 30 common stocks of companies in the consumer discretionary (or cyclical) sector that have powerful relative strength or “momentum” characteristics. The Index Provider selects these common stocks from approximately 2,000 of the largest constituents by dollar volume within the NASDAQ US Benchmark Index. “Relative strength” is an investing technique that seeks to determine the strongest performing securities by measuring certain factors, such as a security’s relative performance against the overall

market or a security's relative strength value, which is derived by comparing the rate of increase of the security's price as compared to that of a benchmark index.

Strictly in accordance with its guidelines and mandated procedures, Dorsey, Wright & Associates, LLC ("Dorsey Wright" or the "Index Provider") uses a proprietary methodology to analyze the relative strength of each security within the universe of eligible securities and determine a "momentum" score. In general, momentum is the tendency of an investment to exhibit persistence in its relative performance; a "momentum" style of investing emphasizes investing in securities that have had better recent performance compared to other securities. The momentum score for each security included in the PEZ Underlying Index is based on intermediate and long-term upward price movements of the security as compared to a representative benchmark and other eligible securities within the universe.

After giving each eligible security a momentum score, the Index Provider selects at least 30 common stocks with the highest momentum scores from the consumer discretionary sector for inclusion in the PEZ Underlying Index. Companies in the consumer discretionary sector are principally engaged in the businesses of providing consumer goods and services that are cyclical in nature, including retail, automotive, leisure and recreation, media and home construction and furnishing.

The total number of securities in the PEZ Underlying Index may vary depending on the capitalization characteristics of the securities that qualify for inclusion in the PEZ Underlying Index. The Index Provider weights each security by its momentum score, with higher-scoring securities representing a greater weight in the PEZ Underlying Index. The PEZ Fund generally invests in all of the securities comprising the Underlying Index in proportion to the weightings of the securities in the Underlying Index.

PowerShares DWA Financial Momentum Portfolio

The PowerShares DWA Financial Momentum Portfolio (the "PFI Fund") seeks investment results that generally correspond (before fees and expenses) to the price and yield of the Dorsey Wright Financials Technical Leaders Index (the "PFI Underlying Index").

The PFI Fund generally will invest at least 90% of its total assets in common stocks of companies that comprise the PFI Underlying Index. The PFI Underlying Index is composed of at least 30 common stocks of companies in the financials sector that have powerful relative strength or "momentum" characteristics. The Index Provider selects these common stocks from approximately 2,000 of the largest constituents by dollar volume within the NASDAQ US Benchmark Index. "Relative strength" is an investing technique that seeks to determine the strongest performing securities by measuring certain factors, such as a security's relative performance against the overall market or a security's relative strength value, which is derived by comparing the rate of increase of the security's price as compared to that of a benchmark index.

Strictly in accordance with its guidelines and mandated procedures, Dorsey, Wright & Associates, LLC ("Dorsey Wright" or the "Index Provider") uses a proprietary methodology to analyze the relative strength of each security within the universe of eligible securities and determine a "momentum" score. In general, momentum is the tendency of an investment to exhibit persistence in its relative performance; a "momentum" style of investing emphasizes investing in securities that have had better recent performance compared to other securities. The momentum score for each security

included in the PFI Underlying Index is based on intermediate and long-term upward price movements of the security as compared to a representative benchmark and other eligible securities within the universe.

After giving each eligible security a momentum score, the Index Provider selects at least 30 common stocks with the highest momentum scores from the financial sector for inclusion in the Underlying Index. Companies in the financial services sector are principally engaged in the business of providing services and products, including banking, investment services, insurance and real estate finance services.

The total number of securities in the PFI Underlying Index may vary depending on the capitalization characteristics of the securities that qualify for inclusion in the PFI Underlying Index. The Index Provider weights each security by its momentum score, with higher-scoring securities representing a greater weight in the PFI Underlying Index. The PFI Fund generally invests in all of the securities comprising the PFI Underlying Index in proportion to the weightings of the securities in the PFI Underlying Index.

PowerShares Dividend Achievers Portfolio

The PowerShares Dividend Achievers Portfolio (the “PFM Fund”) seeks investment results that generally correspond (before fees and expenses) to the price and yield of the NASDAQ US Broad Dividend Achievers Index (the “PFM Underlying Index”).

The PFM Fund generally will invest at least 90% of its total assets in common stocks of companies that comprise the PFM Underlying Index. Strictly in accordance with its guidelines and mandated procedures, Nasdaq, Inc. (“Nasdaq” or the “Index Provider”) includes common stock in the Underlying Index pursuant to a proprietary selection methodology that identifies a universe of “Dividend Achievers.” To qualify for the universe of “Dividend Achievers” an issuer must have increased its annual regular cash dividend payments for at least each of its last ten or more calendar or fiscal years. The PFM Fund generally invests in all of the securities comprising its Underlying Index in proportion to their weightings in the PFM Underlying Index.

PowerShares Golden Dragon China Portfolio

The PowerShares Golden Dragon China Portfolio (the “PGJ Fund”) seeks investment results that generally correspond (before fees and expenses) to the price and yield of the NASDAQ Golden Dragon China Index (the “PGJ Underlying Index”).

The PGJ Fund generally will invest at least 90% of its total assets in equity securities of companies deriving a majority of their revenues from the People’s Republic of China and that comprise the PGJ Underlying Index. The PGJ Underlying Index is composed of securities of U.S. exchange-listed companies that are headquartered or incorporated in the People’s Republic of China. Strictly in accordance with its guidelines and mandated procedures, Nasdaq, Inc. (“Nasdaq” or the “Index Provider”) includes securities in the PGJ Underlying Index to provide access to the unique economic opportunities taking place in China while still providing investors with the transparency offered with U.S.-exchange listed securities. Securities in the Underlying Index may include common stocks, ordinary shares, American depositary receipts (“ADRs”), shares of beneficial interest, limited

partnership interests or tracking stocks. The PGJ Fund generally invests in all of the securities comprising its PGJ Underlying Index in proportion to their weightings in the PGJ Underlying Index.

PowerShares Water Resources Portfolio

The PowerShares Water Resources Portfolio (the “PHO Fund”) seeks investment results that generally correspond (before fees and expenses) to the price and yield of the NASDAQ OMX US Water Index (the “PHO Underlying Index”).

The PHO Fund generally will invest at least 90% of its total assets in common stocks and American depositary receipts (“ADRs”) and global depositary receipts (“GDRs”) of companies in the water industry that comprise the PHO Underlying Index. The PHO Underlying Index seeks to track the performance of U.S. exchange-listed companies that create products designed to conserve and purify water for homes, businesses and industries. The PHO Underlying Index was created by, and is a trademark of, Nasdaq, Inc. (“Nasdaq” or the “Index Provider”). The PHO Fund generally invests in all of the securities comprising its PHO Underlying Index in proportion to their weightings in the PHO Underlying Index.

PowerShares International Dividend Achievers Portfolio

The PowerShares International Dividend Achievers Portfolio (the “PID Fund”) seeks investment results that generally correspond (before fees and expenses) to the price and yield of the NASDAQ International Dividend Achievers Index (the “PID Underlying Index”).

The PID Fund generally will invest at least 90% of its total assets in dividend-paying common stocks and other securities that comprise the PID Underlying Index. The PID Underlying Index is composed of Global Depositary Receipts (“GDRs”) and American Depositary Receipts (“ADRs”) that are listed on the London Stock Exchange (“LSE”) or the London International Exchange, in addition to ADRs and non-U.S. common or ordinary stocks traded on the New York Stock Exchange (“NYSE”), The NASDAQ Stock Market LLC (“NASDAQ”) or NYSE Arca, Inc. Strictly in accordance with its guidelines and mandated procedures, Nasdaq, Inc. (“Nasdaq” or the “Index Provider”) includes stock in the PID Underlying Index pursuant to a proprietary selection methodology that identifies companies that have increased their aggregate annual regular cash dividend payments consistently for at least each of the last five consecutive years. The PID Fund generally invests in all of the securities comprising its PID Underlying Index in proportion to their weightings in the PID Underlying Index.

PowerShares DWA Emerging Markets Momentum Portfolio

The PowerShares DWA Momentum & Low Volatility Rotation Portfolio (the “PIE Fund”) seeks investment results that generally correspond (before fees and expenses) to the price and yield of the Dorsey Wright® Multi-Factor Global Equity Index (the “PIE Underlying Index”).

The PIE Fund generally will invest at least 90% of its total assets in securities that comprise the PIE Underlying Index. The PIE Fund is a “fund of funds,” meaning that it invests its assets in the shares of other exchange-traded funds (“ETFs”), rather than in securities of individual companies. The PIE Underlying Index includes other ETFs that are advised by the PIE Fund’s adviser or its affiliates (the “PowerShares ETFs”), as well as 1- to 6-month U.S. Treasury Bills. The PIE Fund and the PowerShares ETFs are part of the same group of investment companies.

Strictly in accordance with its guidelines and mandated procedures, Dorsey, Wright & Associates, LLC (the “Index Provider” or “Dorsey Wright”) compiles, maintains and calculates the PIE Underlying Index, which, at any given time, is composed of up to eight PowerShares ETFs that invest in either domestic or international equity securities, and that employ either a “momentum” or a “low volatility” investment strategy.

The PowerShares ETFs are first divided into two groups: one composed of four ETFs that represents investments in the U.S. domestic equity market—the PowerShares DWA Momentum Portfolio, PowerShares DWA SmallCap Momentum Portfolio, PowerShares S&P 500® Low Volatility Portfolio and PowerShares S&P SmallCap Low Volatility Portfolio (the “Underlying Domestic Equity ETFs”)—and one composed of the other four ETFs that represents investments in international equity markets—the PowerShares S&P Developed Markets Low Volatility Portfolio, PowerShares S&P Emerging Markets Low Volatility Portfolio, PowerShares DWA Developed Markets Momentum Portfolio and PowerShares DWA Emerging Markets Momentum Portfolio (the “Underlying International Equity ETFs”).

Next, the PowerShares ETFs are divided into two groups that use either a momentum or low volatility investment strategy. Dorsey Wright maintains the underlying indexes of the four PowerShares ETFs that employ a momentum strategy (i.e., those PowerShares ETFs listed above with “DWA” in their name). A “momentum” investment style emphasizes investing in securities that recently have had better relative performance compared to other securities. S&P Dow Jones Indices LLC (“S&P”) maintains the underlying indexes of the four PowerShares ETFs that employ a low volatility strategy (i.e., those PowerShares ETFs listed above with “S&P” in their name). A low volatility investment style emphasizes investing in securities with the least asset price fluctuations (i.e., increases or decreases in a stock’s price) over time.

The PIE Underlying Index seeks to gain exposure to the equity market (i.e., domestic or international) that displays the strongest relative strength at any given time. “Relative strength” is an investing technique that seeks to determine the strongest performing securities by measuring certain factors, such as by comparing the amount of increase of the security’s price over a set period as compared to that of a reference point, such as a benchmark index, another security or the market as a whole. If a security outperforms (i.e., its price increases in an amount greater than) a given reference point over a set period of time, that security is said to be relatively stronger—that is, it displays strong “relative strength”—than the index, security or market segment against which it is compared.

The Index Provider compares the relative strength of (i) U.S. equities, (ii) international equities, and (iii) cash to one another and, at each rebalance, weights the components of the PIE Underlying Index to emphasize those PowerShares ETFs (or Treasury Bills) that the Index Provider believes offer the greatest potential for outperformance.

Specifically, using its proprietary methodology, each month the Index Provider calculates the relative strength of each of the U.S. and international equity markets and allocates approximately 70% of the weight of the PIE Underlying Index to eligible PowerShares ETFs that invest in the equity market with greater relative strength and allocates the remaining 30% to the eligible PowerShares ETFs that invest in the equity market with lesser relative strength. For example, if the U.S. equity market has better relative strength than the international equity markets, 70% of the PIE Underlying Index’s

weight will be allocated to the Underlying Domestic Equity ETFs and the remaining 30% will be allocated to the Underlying International Equity ETFs.

However, during periods when one or both of these equity markets do not demonstrate sufficient relative strength compared to cash (i.e., when the U.S. and/or international equity markets are out of favor when compared to a cash proxy), the PIE Underlying Index may allocate that portion of its weight to cash, as represented by 1- to 6-month U.S. Treasury Bills. For example, if cash has greater relative strength than one, (but not both) of the two equity markets, the PIE Underlying Index will be comprised 70% of the Underlying Equity ETFs from the stronger equity market and 30% of Treasury Bills (with no allocation to the weaker equity market). During periods when equity securities as a whole are out of favor (i.e., when cash's relative strength outranks both the U.S. and international equity markets), the PIE Underlying Index may hold a 100% cash position.

Once the Index Provider has determined the weightings among U.S. equities, international equities, and cash as described above, it subdivides those allocations between "momentum strategy" PowerShares ETFs and "low volatility strategy" PowerShares ETFs, depending on the relative strength of U.S. and International equities compared to other asset classes, such as fixed income securities, currencies, and commodities. The Index Provider begins this process by ranking the relative strength of all six asset classes (U.S. equities, international equities, fixed income securities, currencies, commodities and cash). If the U.S. equity market's relative strength ranks first or second among the six asset classes, 70% of the U.S. equity market's portion of the PIE Underlying Index is composed of the two Underlying Domestic Equity ETFs that use a momentum strategy (PowerShares DWA Momentum Portfolio, PowerShares DWA SmallCap Momentum Portfolio) and the remaining 30% of the U.S. equity market's portion of the PIE Underlying Index is composed of the two Underlying Domestic Equity ETFs that use a low volatility strategy (PowerShares S&P 500[®] Low Volatility Portfolio and PowerShares S&P SmallCap Low Volatility Portfolio). The same is true for the international equity market: if its relative strength ranks first or second among the six asset classes, the two Underlying International Equity ETFs that use a momentum strategy will account for 70% of the international equities portion of the PIE Underlying Index and the two Underling International Equity ETFs that use a low volatility strategy will account for the remaining 30% of that portion. The opposite (i.e., a 70% allocation to low volatility and a 30% allocation to momentum) will occur within the U.S. or international asset class if their respective relative strength ranking is third, fourth, fifth or sixth among all asset classes.

The Index Provider evaluates the PIE Underlying Index constituents each month to determine whether, based on potential changes in relative strength of the markets, any change to the composition of, or component weightings within, the PIE Underlying Index is necessary.

The PIE Fund generally invests in all of the components of the PIE Underlying Index in proportion to their weightings in the PIE Underlying Index. By doing so, the PIE Fund is "non-diversified" and therefore is not required to meet certain diversification requirements under the Investment Company of 1940, as amended (the "1940 Act").

PowerShares Global Water Portfolio

The PowerShares Global Water Portfolio (the "PIO Fund") seeks investment results that generally correspond (before fees and expenses) to the price and yield of the NASDAQ OMX Global Water Index (the "PIO Underlying Index").

The PIO Fund will invest at least 90% of its total assets in the securities of companies listed on a global exchange that create products designed to conserve and purify water for homes, businesses and industries that comprise the PIO Underlying Index, as well as American depositary receipts (“ADRs”) and global depositary receipts (“GDRs”) that are based on the securities in the PIO Underlying Index. The PIO Fund anticipates that the majority of its investments will be in the securities that comprise the PIO Underlying Index rather than in ADRs and GDRs. The PIO Underlying Index was created by, and is a trademark of, Nasdaq, Inc. (“Nasdaq” or the “Index Provider”). A security must have a worldwide market capitalization of \$50 million to be included in the PIO Underlying Index. The PIO Underlying Index may include companies in emerging market countries. The PIO Fund generally invests in all of the securities comprising its Underlying Index in proportion to their weightings in the PIO Underlying Index. The PIO Underlying Index can be comprised of common stocks, ordinary shares, depositary receipts, depositary shares, Dutch certificates, shares of beneficial interest, stapled securities and tracking stocks.

PowerShares DWA Developed Markets Momentum Portfolio

The PowerShares DWA Developed Markets Momentum Portfolio (the “PIZ Fund”) seeks investment results that generally correspond (before fees and expenses) to the price and yield of the Dorsey Wright® Developed Markets Technical Leaders Index (the “PIZ Underlying Index”).

The PIZ Fund will invest at least 90% of its total assets in the equity securities that comprise the PIZ Underlying Index. The PIZ Underlying Index is comprised of equity securities of large capitalization companies based in countries with developed economies, excluding the United States. Dorsey Wright & Associates, LLC (“Dorsey Wright” or the “Index Provider”) selects such securities pursuant to its proprietary selection methodology, which is designed to identify securities that demonstrate powerful relative strength characteristics.

“Relative strength” is an investing technique that seeks to determine the strongest performing securities by measuring certain factors, such as a security’s relative performance against the overall market or a security’s relative strength value, which is derived by comparing the rate of increase of the security’s price over a set period as compared to that of a benchmark index.

Dorsey Wright selects securities for inclusion in the Underlying Index from an eligible universe of the largest 1,000 constituents by market capitalization within the NASDAQ Developed Markets Ex United States Index. The Index Provider assigns a relative strength score to each eligible security and selects approximately 100 securities with the greatest scores for inclusion in the PIZ Underlying Index. Component security weights are based on relative scores, with securities with higher scores receiving larger weights.

The PIZ Fund generally invests in all of the securities comprising its PIZ Underlying Index in proportion to their weightings in the PIZ Underlying Index.

PowerShares BuyBack Achievers Portfolio

The PowerShares BuyBack Achievers Portfolio (the “PKW Fund”) seeks investment results that generally correspond (before fees and expenses) to the price and yield of the NASDAQ US BuyBack Achievers Index (the “PKW Underlying Index”).

The PKW Fund generally will invest at least 90% of its total assets in common stocks that comprise the PKW Underlying Index. Strictly in accordance with its guidelines and mandated procedures, Nasdaq, Inc. (“Nasdaq” or the “Index Provider”) includes common stocks in the PKW Underlying Index pursuant to a proprietary selection methodology that identifies a universe of “BuyBack Achievers”. To qualify for the universe of “BuyBack Achievers,” an issuer must have effected a net reduction in shares outstanding of 5% or more in the past 12 months. The PKW Fund generally invests in all of the securities comprising its PKW Underlying Index in proportion to their weightings in the PKW Underlying Index

PowerShares 1-30 Laddered Treasury Portfolio

The PowerShares 1-30 Laddered Treasury Portfolio (the “PLW Fund”) seeks investment results that generally correspond (before fees and expenses) to the price and yield of the Ryan/NASDAQ U.S. 1-30 Year Treasury Laddered Index (the “PKLW Underlying Index”).

The PLW Fund generally will invest at least 80% of its total assets in U.S. Treasury securities that comprise the PLW Underlying Index. The PLW Underlying Index measures potential returns of a theoretical portfolio of U.S. Treasury securities with a yield curve based upon 30 distinct annual maturities. The PLW Underlying Index seeks to maintain a continuous maturity laddered portfolio of securities, meaning that securities holdings are scheduled to mature in a proportional, annual sequential pattern. Nasdaq, Inc. (the “Index Provider”) allows a six-month maturity deviation if securities with a desired maturity date are not available. Strictly in accordance with its guidelines and mandated procedures, the Index Provider selects securities for inclusion in the PKW Underlying Index that are U.S. Treasury-auctioned issues with fixed coupon rates that are non-callable. The Index Provider does not include treasury inflation-protected securities, bills or zero-coupon securities in the PLW Underlying Index. The PLW Fund generally invests in all of the securities comprising its PLW Underlying Index in proportion to their weightings in the PLW Underlying Index.

PowerShares DWA Industrials Momentum Portfolio

The PowerShares DWA Industrials Momentum Portfolio (the “PRN Fund”) seeks investment results that generally correspond (before fees and expenses) to the price and yield of the Dorsey Wright® Industrials Technical Leaders Index (the “PRN Underlying Index”).

The PRN Fund generally will invest at least 90% of its total assets in common stocks of companies that comprise the PRN Underlying Index. The PRN Underlying Index is composed of at least 30 common stocks of companies in the industrials sector that have powerful relative strength or “momentum” characteristics. The Index Provider selects these common stocks from approximately 2,000 of the largest constituents by dollar volume within the NASDAQ US Benchmark Index. “Relative strength” is an investing technique that seeks to determine the strongest performing securities by measuring certain factors, such as a security’s relative performance against the overall market or a security’s relative strength value, which is derived by comparing the rate of increase of the security’s price as compared to that of a benchmark index.

Strictly in accordance with its guidelines and mandated procedures, Dorsey, Wright & Associates, LLC (“Dorsey Wright” or the “Index Provider”) uses a proprietary methodology to analyze the relative strength of each security within the universe of eligible securities and determine a “momentum” score. In general, momentum is the tendency of an investment to exhibit persistence in its relative

performance; a “momentum” style of investing emphasizes investing in securities that have had better recent performance compared to other securities. The momentum score for each security included in the PRN Underlying Index is based on intermediate and long-term upward price movements of the security as compared to a representative benchmark and other eligible securities within the universe.

After giving each eligible security a momentum score, the Index Provider selects at least 30 common stocks with the highest momentum scores from the industrials sector for inclusion in the Underlying Index. Companies in the industrials sector are principally engaged in the business of providing industrial products and services, including engineering, heavy machinery, construction, electrical equipment, aerospace and defense and general manufacturing products and services.

The total number of securities in the PRN Underlying Index may vary depending on the capitalization characteristics of the securities that qualify for inclusion in the PRN Underlying Index. The Index Provider weights each security by its momentum score, with higher-scoring securities representing a greater weight in the PRN Underlying Index. The PRN Fund generally invests in all of the securities comprising the PRN Underlying Index in proportion to the weightings of the securities in the PRN Underlying Index.

PowerShares DWA Consumer Staples Momentum Portfolio

The PowerShares DWA Consumer Staples Momentum Portfolio (the “PSL Fund”) seeks investment results that generally correspond (before fees and expenses) to the price and yield of the Dorsey Wright® Consumer Staples Technical Leaders Index (the “PSL Underlying Index”).

The PSL Fund generally will invest at least 90% of its total assets in common stocks of companies that comprise the PSL Underlying Index. The PSL Underlying Index is composed of at least 30 common stocks of companies in the consumer staples sector that have powerful relative strength or “momentum” characteristics. The Index Provider selects these common stocks from approximately 2,000 of the largest constituents by dollar volume within the NASDAQ US Benchmark Index. “Relative strength” is an investing technique that seeks to determine the strongest performing securities by measuring certain factors, such as a security’s relative performance against the overall market or a security’s relative strength value, which is derived by comparing the rate of increase of the security’s price as compared to that of a benchmark index.

Strictly in accordance with its guidelines and mandated procedures, Dorsey, Wright & Associates, LLC (“Dorsey Wright” or the “Index Provider”) uses a proprietary methodology to analyze the relative strength of each security within the universe of eligible securities and determine a “momentum” score. In general, momentum is the tendency of an investment to exhibit persistence in its relative performance; a “momentum” style of investing emphasizes investing in securities that have had better recent performance compared to other securities. The momentum score for each security included in the Underlying Index is based on intermediate and long-term upward price movements of the security as compared to a representative benchmark and other eligible securities within the universe.

After giving each eligible security a momentum score, the Index Provider selects at least 30 common stocks with the highest momentum scores from the consumer staples sector for inclusion in the PSL Underlying Index. Companies in the consumer staples sector are principally engaged in the

businesses of providing consumer goods and services that have non-cyclical characteristics, including tobacco, textiles, food and beverages, and non-discretionary retail goods and services.

The total number of securities in the PSL Underlying Index may vary depending on the capitalization characteristics of the securities that qualify for inclusion in the PSL Underlying Index. The Index Provider weights each security by its momentum score, with higher-scoring securities representing a greater weight in the PSL Underlying Index. The PSL Fund generally invests in all of the securities comprising the PSL Underlying Index in proportion to the weightings of the securities in the PSL Underlying Index.

PowerShares DWA Technology Momentum Portfolio

The PowerShares DWA Technology Momentum Portfolio (the “PTF Fund”) seeks investment results that generally correspond (before fees and expenses) to the price and yield of the Dorsey Wright® Technology Technical Leaders Index (the “PTF Underlying Index”).

The PTF Fund generally will invest at least 90% of its total assets in common stocks of companies that comprise the PTF Underlying Index. The PTF Underlying Index is composed of at least 30 common stocks of companies in the technology sector that have powerful relative strength or “momentum” characteristics. The Index Provider selects these common stocks from approximately 2,000 of the largest constituents by dollar volume within the NASDAQ US Benchmark Index. “Relative strength” is an investing technique that seeks to determine the strongest performing securities by measuring certain factors, such as a security’s relative performance against the overall market or a security’s relative strength value, which is derived by comparing the rate of increase of the security’s price as compared to that of a benchmark index.

Strictly in accordance with its guidelines and mandated procedures, Dorsey, Wright & Associates, LLC (“Dorsey Wright” or the “Index Provider”) uses a proprietary methodology to analyze the relative strength of each security within the universe of eligible securities and determine a “momentum” score. In general, momentum is the tendency of an investment to exhibit persistence in its relative performance; a “momentum” style of investing emphasizes investing in securities that have had better recent performance compared to other securities. The momentum score for each security included in the PTF Underlying Index is based on intermediate and long-term upward price movements of the security as compared to a representative benchmark and other eligible securities within the universe.

After giving each eligible security a momentum score, the Index Provider selects at least 30 common stocks with the highest momentum scores from the technology sector for inclusion in the Underlying Index. Companies in the technology sector are principally engaged in the business of providing technology-related products and services, including computer hardware and software, Internet, electronics and semiconductors, and wireless communication technologies.

The total number of securities in the PTF Underlying Index may vary depending on the capitalization characteristics of the securities that qualify for inclusion in the PTF Underlying Index. The Index Provider weights each security by its momentum score, with higher-scoring securities representing a greater weight in the PTF Underlying Index. The PTF Fund generally invests in all of the securities comprising the PTF Underlying Index in proportion to the weightings of the securities in the PTF Underlying Index.

PowerShares DWA Healthcare Momentum Portfolio

The PowerShares DWA Healthcare Momentum Portfolio (the “PTH Fund”) seeks investment results that generally correspond (before fees and expenses) to the price and yield of the Dorsey Wright® Healthcare Technical Leaders Index (the “Underlying Index”).

The PTH Fund generally will invest at least 90% of its total assets in common stocks of companies that comprise the PTH Underlying Index. The PTH Underlying Index is composed of at least 30 common stocks of companies in the healthcare sector that have powerful relative strength or “momentum” characteristics. The Index Provider selects these common stocks from approximately 2,000 of the largest constituents by dollar volume within the NASDAQ US Benchmark Index. “Relative strength” is an investing technique that seeks to determine the strongest performing securities by measuring certain factors, such as a security’s relative performance against the overall market or a security’s relative strength value, which is derived by comparing the rate of increase of the security’s price as compared to that of a benchmark index.

Strictly in accordance with its guidelines and mandated procedures, Dorsey, Wright & Associates, LLC (“Dorsey Wright” or the “Index Provider”) uses a proprietary methodology to analyze the relative strength of each security within the universe of eligible securities and determine a “momentum” score. In general, momentum is the tendency of an investment to exhibit persistence in its relative performance; a “momentum” style of investing emphasizes investing in securities that have had better recent performance compared to other securities. The momentum score for each security included in the PTH Underlying Index is based on intermediate and long-term upward price movements of the security as compared to a representative benchmark and other eligible securities within the universe.

After giving each eligible security a momentum score, the Index Provider selects at least 30 common stocks with the highest momentum scores from the healthcare sector for inclusion in the Underlying Index. Companies in the healthcare sector are principally engaged in the business of providing healthcare-related products and services, including biotechnology, pharmaceuticals, medical technology and supplies, and facilities.

The total number of securities in the PTH Underlying Index may vary depending on the capitalization characteristics of the securities that qualify for inclusion in the PTH Underlying Index. The Index Provider weights each security by its momentum score, with higher-scoring securities representing a greater weight in the PTH Underlying Index. The Fund generally invests in all of the securities comprising the PTH Underlying Index in proportion to the weightings of the securities in the PTH Underlying Index.

PowerShares DWA Utilities Momentum Portfolio

The PowerShares DWA Utilities Momentum Portfolio (the “PUI Fund”) seeks investment results that generally correspond (before fees and expenses) to the price and yield of the Dorsey Wright® Utilities Technical Leaders Index (the “PUI Underlying Index”).

The PUI Fund generally will invest at least 90% of its total assets in common stocks of companies that comprise the PUI Underlying Index. The PUI Underlying Index is composed of at least 30 common stocks of companies in the utilities sector that have powerful relative strength or “momentum”

characteristics. The Index Provider selects these common stocks from approximately 2,000 of the largest constituents by dollar volume within the NASDAQ US Benchmark Index. “Relative strength” is an investing technique that seeks to determine the strongest performing securities by measuring certain factors, such as a security’s relative performance against the overall market or a security’s relative strength value, which is derived by comparing the rate of increase of the security’s price as compared to that of a benchmark index.

Strictly in accordance with its guidelines and mandated procedures, Dorsey, Wright & Associates, LLC (“Dorsey Wright” or the “Index Provider”) uses a proprietary methodology to analyze the relative strength of each security within the universe of eligible securities and determine a “momentum” score. In general, momentum is the tendency of an investment to exhibit persistence in its relative performance; a “momentum” style of investing emphasizes investing in securities that have had better recent performance compared to other securities. The momentum score for each security included in the Underlying Index is based on intermediate and long-term upward price movements of the security as compared to a representative benchmark and other eligible securities within the universe.

After giving each eligible security a momentum score, the Index Provider selects at least 30 common stocks with the highest momentum scores from the utilities sector for inclusion in the PUI Underlying Index. Companies in the utilities sector are principally engaged in providing energy, water, natural gas or telecommunications services. These companies may include companies that generate and supply electricity, including electricity wholesalers; distribute natural gas to customers; provide water to customers, as well as deal with associated wastewater; and provide land line telephone services.

The total number of securities in the PUI Underlying Index may vary depending on the capitalization characteristics of the securities that qualify for inclusion in the PUI Underlying Index. The Index Provider weights each security by its momentum score, with higher-scoring securities representing a greater weight in the PUI Underlying Index. The PUI Fund generally invests in all of the securities comprising the PUI Underlying Index in proportion to the weightings of the securities in the PUI Underlying Index.

PowerShares DWA Energy Momentum Portfolio

The PowerShares DWA Energy Momentum Portfolio (the “PXI Fund”) seeks investment results that generally correspond (before fees and expenses) to the price and yield of the Dorsey Wright® Energy Technical Leaders Index (the “PXI Underlying Index”).

The PXI Fund generally will invest at least 90% of its total assets in common stocks of companies that comprise the PXI Underlying Index. The PXI Underlying Index is composed of at least 30 common stocks of companies in the energy sector that have powerful relative strength or “momentum” characteristics. The Index Provider selects these common stocks from approximately 2,000 of the largest constituents by dollar volume within the NASDAQ US Benchmark Index. “Relative strength” is an investing technique that seeks to determine the strongest performing securities by measuring certain factors, such as a security’s relative performance against the overall market or a security’s relative strength value, which is derived by comparing the rate of increase of the security’s price as compared to that of a benchmark index.

Strictly in accordance with its guidelines and mandated procedures, Dorsey, Wright & Associates, LLC (“Dorsey Wright” or the “Index Provider”) uses a proprietary methodology to analyze the relative strength of each security within the universe of eligible securities and determine a “momentum” score. In general, momentum is the tendency of an investment to exhibit persistence in its relative performance; a “momentum” style of investing emphasizes investing in securities that have had better recent performance compared to other securities. The momentum score for each security included in the PXI Underlying Index is based on intermediate and long-term upward price movements of the security as compared to a representative benchmark and other eligible securities within the universe.

After giving each eligible security a momentum score, the Index Provider selects at least 30 common stocks with the highest momentum scores from the energy sector for inclusion in the Underlying Index. Companies in the energy sector are principally engaged in the business of producing, distributing or servicing energy-related products, including oil and gas exploration and production, refining, oil services, pipeline, and solar, wind and other non-oil based energy.

The total number of securities in the PXI Underlying Index may vary depending on the capitalization characteristics of the securities that qualify for inclusion in the PXI Underlying Index. The Index Provider weights each security by its momentum score, with higher-scoring securities representing a greater weight in the PXI Underlying Index. The PXI Fund generally invests in all of the securities comprising the PXI Underlying Index in proportion to the weightings of the securities in the PXI Underlying Index.

PowerShares DWA Basic Materials Momentum Portfolio

The PowerShares DWA Basic Materials Momentum Portfolio (the “PYZ Fund”) seeks investment results that generally correspond (before fees and expenses) to the price and yield of the Dorsey Wright® Basic Materials Technical Leaders Index (the “PYZ Underlying Index”).

The PYZ Fund generally will invest at least 90% of its total assets in common stocks of companies that comprise the PYZ Underlying Index. The PYZ Underlying Index is composed of at least 30 common stocks of companies in the basic materials sector that have powerful relative strength or “momentum” characteristics. The Index Provider selects these common stocks from approximately 2,000 of the largest constituents by dollar volume within the NASDAQ US Benchmark Index. “Relative strength” is an investing technique that seeks to determine the strongest performing securities by measuring certain factors, such as a security’s relative performance against the overall market or a security’s relative strength value, which is derived by comparing the rate of increase of the security’s price as compared to that of a benchmark index.

Strictly in accordance with its guidelines and mandated procedures, Dorsey, Wright & Associates, LLC (“Dorsey Wright” or the “Index Provider”) uses a proprietary methodology to analyze the relative strength of each security within the universe of eligible securities and determine a “momentum” score. In general, momentum is the tendency of an investment to exhibit persistence in its relative performance; a “momentum” style of investing emphasizes investing in securities that have had better recent performance compared to other securities. The momentum score for each security included in the PYZ Underlying Index is based on intermediate and long-term upward price movements of the security as compared to a representative benchmark and other eligible securities within the universe.

After giving each eligible security a momentum score, the Index Provider selects at least 30 common stocks with the highest momentum scores from the basic materials sector for inclusion in the PYZ Underlying Index. Companies in the basic materials sector are principally engaged in the business of producing raw materials, including paper or wood products, chemicals, construction materials, and mining and metals.

The total number of securities in the PYZ Underlying Index may vary depending on the capitalization characteristics of the securities that qualify for inclusion in the PYZ Underlying Index. The Index Provider weights each security by its momentum score, with higher-scoring securities representing a greater weight in the PYZ Underlying Index. The PYZ Fund generally invests in all of the securities comprising the PYZ Underlying Index in proportion to the weightings of the securities in the PYZ Underlying Index.

For more information regarding the Funds' investment strategy, please read the prospectus for the Fund.

As described more fully in the Trust's prospectus and Statement of Additional Information ("SAI"), the Funds issue and redeem Shares at net asset value ("NAV") only in large blocks of 50,000 Shares (each block of Shares called a "Creation Unit"). As a practical matter, only broker-dealers or large institutional investors with creation and redemption agreements (called Authorized Participants) can purchase or redeem these Creation Units. Except when aggregated in Creation Units, the Shares may not be redeemed with the Funds.

Shares are held in book-entry form, which means that no Share certificates are issued. The Depository Trust Company or its nominee is the record owner of all outstanding Shares of the Funds and is recognized as the owner of all Shares for all purposes.

The NAV per Share for each Fund is computed by dividing the value of the net assets of the Fund (i.e., the value of its total assets less total liabilities) by the total number of Shares outstanding. Expenses and fees are accrued daily and taken into account for purposes of determining NAV. The NAV of each Fund is determined each business day after the close of trading (ordinarily 4:00 p.m., Eastern Time or "ET") of the New York Stock Exchange. Any assets or liabilities denominated in currencies other than the U.S. dollar are converted into U.S. dollars at the current market rates on the date of valuation as quoted by one or more sources.

The registration statement for the Funds describes the various fees and expenses for the Funds' Shares. For a more complete description of the Funds and the underlying indexes, visit the Funds' website at www.invescopowershares.com

PURCHASES AND REDEMPTIONS IN CREATION UNIT SIZE

BX members and PHLX members and member organizations are hereby informed that procedures for purchases and redemptions of Shares in Creation Unit Size are described in the Trust's prospectus and Statement of Additional Information and that Shares are not individually redeemable but are redeemable only in Creation Unit Size aggregations or multiples thereof.

PRINCIPAL RISKS

Interested persons are referred to the discussion in the prospectus for the Fund of the principal risks of an investment in the Fund. These include tracking error risk (factors causing the Fund's performance to not match the performance of the underlying index), market trading risk (for example, trading halts, trading above or below net asset value), ADR and GDR Risk, Banking Industry Concentration Risk, Basic Materials Sector Risk, Biotechnology and Genome Industry Risk, China Exposure Risk, Clean Energy Industry Risk, Consumer Discretionary Sector Risk, Consumer Staples Sector Risk, Dividend Paying Security Risk, Emerging Markets Investment Risk, Energy Sector Risk, Equity Risk, Financial Sector Risk, Financial Services Sector Risk, Foreign Securities Risk, Geographic Concentration Risk, Healthcare Sector Risk, High Dividend Paying Securities Risk, High Yield Securities Risk, Index Risk, Industrials Sector Risk, Industry Concentration Risk, Issuer-Specific Changes, Machinery Industry Risk, Market Risk, Market Trading Risk, Mid-Capitalization Company Risk, Momentum Investing Risk, Non-Correlation Risk, Non-Diversified Fund Risk, Oil and Gas Services Industry Risk, Portfolio Turnover Risk, Real Estate Risk, Regional, Small and Medium Bank Risk, REIT Risk, Risk of Investing in BDCs, Small- and Mid-Capitalization Company Risk, Small Capitalization Company Risk, Technology Sector Risk, Tracking Stock Risk, Utilities Sector Risk, and Water Industry Risk.

EXCHANGE RULES APPLICABLE TO TRADING IN THE SHARES

Trading of the Shares on BX is on a UTP basis and is subject to BX equity trading rules. Trading of the Shares on PHLX's PSX system is on a UTP basis and is subject to PHLX rules.

TRADING HOURS

The values of each index underlying the Shares are disseminated to data vendors every 15 seconds. The Shares will trade on BX between 8:00 a.m. and 7:00 p.m. ET. The Shares will trade on PSX between 9:00 a.m. and 5:00 p.m. ET. For trading during each market's pre-market and post-market sessions, market participants should note that additional risks may exist with respect to trading the Fund during these sessions, when the underlying index's values, intraday indicative value, or similar value may not be disseminated or calculated.

DISSEMINATION OF FUND DATA

The Consolidated Tape Association will disseminate real time trade and quote information for the Funds to Tape C.

Fund Name	Listing Market	Trading Symbol	IOPV Symbol	NAV Symbol
PowerShares DWA NASDAQ Momentum Portfolio	NASDAQ	DWAQ	DWAQ.IV	DWAQ.NV
PowerShares DWA SmallCap Momentum Portfolio	NASDAQ	DWAS	DWAS.IV	DWAS.NV

PowerShares KBW Bank Portfolio	NASDAQ	KBWB	KBWB.IV	KBWB.NV
PowerShares KBW High Dividend Yield Financial Portfolio	NASDAQ	KBWD	KBWD.IV	KBWD.NV
PowerShares KBW Property & Casualty Insurance Portfolio	NASDAQ	KBWP	KBWP.IV	KBWP.NV
PowerShares KBW Regional Banking Portfolio	NASDAQ	KBWR	KBWR.IV	KBWR.NV
PowerShares KBW Premium Yield Equity REIT Portfolio	NASDAQ	KBWY	KBWY.IV	KBWY.NV
PowerShares DWA Momentum Portfolio	NASDAQ	PDP	PDP.IV	PDP.NV
PowerShares High Yield Equity Dividend Achievers Portfolio	NASDAQ	PEY	PEY.IV	PEY.NV
PowerShares DWA Consumer Cyclical Momentum Portfolio	NASDAQ	PEZ	PEZ.IV	PEZ.NV
PowerShares DWA Financial Momentum Portfolio	NASDAQ	PFI	PFI.IV	PFI.NV
PowerShares Dividend Achievers Portfolio	NASDAQ	PFM	PFM.IV	PFM.NV
PowerShares Golden Dragon China Portfolio	NASDAQ	PGJ	PGJ.IV	PGJ.NV
PowerShares Water Resources Portfolio	NASDAQ	PHO	PHO.IV	PHO.NV
PowerShares International Dividend Achievers Portfolio	NASDAQ	PID	PID.IV	PID.NV
PowerShares DWA Emerging Markets Momentum Portfolio	NASDAQ	PIE	PIE.IV	PIE.NV

PowerShares Global Water Portfolio	NASDAQ	PIO	PIO.IV	PIO.NV
PowerShares DWA Developed Markets Momentum Portfolio	NASDAQ	PIZ	PIZ.IV	PIZ.NV
PowerShares BuyBack Achievers Portfolio	NASDAQ	PKW	PKW.IV	PKW.NV
PowerShares 1-30 Laddered Treasury Portfolio	NASDAQ	PLW	PLW.IV	PLW.NV
PowerShares DWA Industrials Momentum Portfolio	NASDAQ	PRN	PRN.IV	PRN.NV
PowerShares DWA Consumer Staples Momentum Portfolio	NASDAQ	PSL	PSL.IV	PSL.NV
PowerShares DWA Technology Momentum Portfolio	NASDAQ	PTF	PTF.IV	PTF.NV
PowerShares DWA Healthcare Momentum Portfolio	NASDAQ	PTH	PTH.IV	PTH.NV
PowerShares DWA Utilities Momentum Portfolio	NASDAQ	PUI	PUI.IV	PUI.NV
PowerShares DWA Energy Momentum Portfolio	NASDAQ	PXI	PXI.IV	PXI.NV
PowerShares DWA Basic Materials Momentum Portfolio	NASDAQ	PYZ	PYZ.IV	PYZ.NV

SUITABILITY

Trading in the Shares on BX will be subject to the provisions of BX Equity Rule 2310. Shares trading on PSX will be subject to the provisions of PHLX Rule 763. Members and member organizations recommending transactions in the Shares to customers should make a determination that the recommendation is suitable for the customer. In addition, members must possess sufficient information to satisfy the “know your customer” obligation that is embedded in the BX Conduct Rules.

BX members and PHLX members and member organizations should also review NASD Notice to Members 03-71 for guidance on trading these products. The Notice reminds members of their obligations to: (1) conduct adequate due diligence to understand the features of the product; (2) perform a reasonable-basis suitability analysis; (3) perform customer-specific suitability analysis in connection with any recommended transactions; (4) provide a balanced disclosure of both the risks and rewards associated with the particular product, especially when selling to retail investors; (5) implement appropriate internal controls; and (6) train registered persons regarding the features, risk and suitability of these products.

TRADING HALTS

BX will halt trading in the Shares of a Fund in accordance with BX Equity Rule 4120. PHLX will halt trading in the Shares of a Fund in accordance with PHLX Rule 3100. The grounds for a halt under these rules include a halt by the primary market because the intraday indicative value of the Fund, the value of its underlying index, or a similar value are not being disseminated as required, or a halt for other regulatory reasons. In addition, BX and PHLX will also stop trading the Shares of a Fund if the primary market delists the Fund.

DELIVERY OF A PROSPECTUS

BX members and PHLX members and member organizations should be mindful of applicable prospectus delivery requirements under the federal securities laws with respect to transactions in the Fund.

Prospectuses may be obtained through the Fund's website. The prospectus for the Funds does not contain all of the information set forth in the Fund's registration statement (including the exhibits to the registration statement), parts of which have been omitted in accordance with the rules and regulations of the Securities and Exchange Commission ("SEC"). For further information about the Fund, please refer to the registration statement.

In the event that the Fund relies upon an order by the SEC exempting the Shares from certain prospectus delivery requirements under Section 24(d) of the 1940 Act and in the future make available a written product description, BX Equity Rules 4420 and 4421, and PHLX Rule 803 require that members and member organizations, respectively, provide to all purchasers of Shares a written description of the terms and characteristics of such securities, in a form prepared by the Trust for the Fund, no later than the time a confirmation of the first transaction in the Shares is delivered to such purchaser. In addition, members and member organizations shall include such a written description with any sales material relating to the Shares that is provided to customers or the public. Any other written materials provided by members or member organizations to customers or the public making specific reference to the Shares as an investment vehicle must include a statement in substantially the following form: "A circular describing the terms and characteristics of the Shares of the Fund has been prepared by the Trust and is available from your broker. It is recommended that you obtain and review such circular before purchasing Shares of the Fund. In addition, upon request you may obtain from your broker a prospectus for Shares of the Fund."

Any BX or PHLX member or member organization carrying an omnibus account for a non-member broker-dealer is required to inform such non-member that execution of an order to purchase Shares for such omnibus account will be deemed to constitute agreement by the non-member to make such

written description available to its customers on the same terms as are directly applicable to BX members and PHLX members or member organizations under this rule.

Upon request of a customer, BX members and PHLX members or member organizations shall provide a copy of the prospectus.

EXEMPTIVE, INTERPRETIVE AND NO-ACTION RELIEF UNDER FEDERAL SECURITIES REGULATIONS

The SEC has issued exemptive, interpretive or no-action relief from certain provisions of rules under the Securities Exchange Act of 1934 (the “Act”) regarding trading in the above mentioned exchange-traded Fund.

REGULATION M EXEMPTIONS

Generally, Rules 101 and 102 of Regulation M prohibit any “distribution participant” and its “affiliated purchasers” from bidding for, purchasing, or attempting to induce any person to bid for or purchase any security which is the subject of a distribution until after the applicable restricted period, except as specifically permitted in Regulation M. The provisions of the Rules apply to underwriters, prospective underwriters, brokers, dealers, and other persons who have agreed to participate or are participating in a distribution of securities.

The SEC has granted an exemption from Rule 101 under Regulation M to permit persons participating in a distribution of shares of the above-mentioned Fund to engage in secondary market transactions in such shares during their participation in such a distribution. In addition, the SEC has granted relief under Regulation M to permit persons who may be deemed to be participating in the distribution of Shares of the above-mentioned Fund (i) to purchase securities for the purpose of purchasing Creation Unit Aggregations of Fund Shares and (ii) to tender securities for redemption in Creation Unit Aggregations. Further, the SEC has clarified that the tender of Fund Shares to the Fund for redemption does not constitute a bid for or purchase of any of the Fund’s securities during the restricted period of Rule 101. The SEC has also granted an exemption pursuant to paragraph (e) of Rule 102 under Regulation M to allow the redemption of Fund Shares in Creation Unit Aggregations during the continuous offering of Shares.

CUSTOMER CONFIRMATIONS FOR CREATION OR REDEMPTION OF FUND SHARES (SEC RULE 10B-10)

Broker-dealers who handle purchases or redemptions of Fund Shares in Creation Unit size for customers will be permitted to provide such customers with a statement of the number of Creation Unit Aggregations created or redeemed without providing a statement of the identity, number and price of shares of the individual securities tendered to the Fund for purposes of purchasing Creation Unit Aggregations (“Deposit Securities”) or the identity, number and price of shares to be delivered by the Trust for the Fund to the redeeming holder (“Redemption Securities”). The composition of the securities required to be tendered to the Fund for creation purposes and of the securities to be delivered on redemption will be disseminated each business day and will be applicable to requests for creations or redemption, as the case may be, on that day. This exemptive relief under Rule 10b-10 with respect to creations and redemptions is subject to the following conditions:

- 1) Confirmations to customers engaging in creations or redemptions must state that all information required by Rule 10b-10 will be provided upon request;
- 2) Any such request by a customer for information required by Rule 10b-10 will be filed in a timely manner, in accordance with Rule 10b-10(c);
- 3) Except for the identity, number and price of shares of the component securities of the Deposit Securities and Redemption Securities, as described above, confirmations to customers must disclose all other information required by Rule 10b-10(a).

SEC RULE 14E-5

An exemption from Rule 14e-5 has been granted to permit any person acting as a dealer-manager of a tender offer for a component security of the Fund (1) to redeem Fund Shares in Creation Unit Aggregations from the issuer that may include a security subject to such tender offer and (2) to purchase Fund Shares during such tender offer. In addition, a no-action position has been taken under Rule 14e-5 if a broker-dealer acting as a dealer-manager of a tender offer for a security of the Fund purchases or arranges to purchase such securities in the secondary market for the purpose of tendering such securities to purchase one or more Creation Unit Aggregations of Shares, if made in conformance with the following:

- 1) such bids or purchases are effected in the ordinary course of business, in connection with a basket of 20 or more securities in which any security that is the subject of a distribution, or any reference security, does not comprise more than 5% of the value of the basket purchased; or
- 2) purchases are effected as adjustments to such basket in the ordinary course of business as a result of a change in the composition of the underlying index; and
- 3) such bids or purchases are not effected for the purpose of facilitating such tender offer.

SECTION 11(D)(1); SEC RULES 11D1-1 AND 11D1-2

Section 11(d)(1) of the Act generally prohibits a person who is both a broker and a dealer from effecting any transaction in which the broker-dealer extends credit to a customer on any security which was part of a new issue in the distribution of which he participated as a member of a selling syndicate or group within thirty days prior to such transaction. The SEC has clarified that Section 11(d)(1) does not apply to broker-dealers that are not Authorized Participants (and, therefore, do not create Creation Unit Aggregations) that engage in both proprietary and customer transactions in Shares of the Fund in the secondary market, and for broker-dealer Authorized Participants that engage in creations of Creation Unit Aggregations. This relief is subject to specific conditions, including the condition that such broker-dealer (whether or not an Authorized Participant) does not, directly or indirectly, receive from the fund complex any payment, compensation or other economic incentive to promote or sell the Shares of the Fund to persons outside the fund complex, other than non-cash compensation permitted under NASD Rule 2830(l)(5)(A), (B) or (C). (See [letter](#) from Catherine McGuire, Chief Counsel, SEC Division of Market Regulation, to Securities Industry Association, Derivative Products Committee, dated November 21, 2005.) The SEC also has taken a no-action position under Section 11(d)(1) of the Act that broker-dealers may treat Shares of the Fund, for purposes of Rule 11d1-2, as "securities issued by a registered open-end investment company as

defined in the Investment Company Act" and thereby extend credit or maintain or arrange for the extension or maintenance of credit on Shares that have been owned by the persons to whom credit is provided for more than 30 days, in reliance on the exemption contained in the rule.

SEC RULE 15C1-5 AND 15C1-6

The SEC has taken a no-action position with respect to Rule 15c1-5 and Rule 15c1-6 as to the required disclosure of control by a broker or dealer with respect to creations and redemptions of Fund Shares and secondary market transactions therein. (See [letter](#) from Catherine McGuire, Chief Counsel, SEC Division of Market Regulation, to Securities Industry Association, Derivative Products Committee, dated November 21, 2005.)

This Information Circular is not a statutory prospectus. BX members and PHLX members and member organizations should consult the Fund's prospectus and/or the Fund's website for relevant information.

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