

# PPA

As of June 30, 2011

## Fund Description

The PowerShares Aerospace & Defense Portfolio is based on the SPADE™ Defense Index. The Fund will normally invest at least 90% of its total assets in common stocks that comprise the Index. The Index seeks to identify a group of companies involved in the development, manufacturing, operations and support of U.S. defense, homeland security and aerospace operations. The modified market-cap portfolio is rebalanced and reconstituted quarterly.

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

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

Aerospace & Defense Portfolio	PPA
Intraday NAV (IIV)	PPA.IV

## Underlying Index Data

SPADE Defense	DXS
Index Provider	ISBC, LLC

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

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

	Alpha	Beta	Correlation
S&P SuperComposite			
A&D	-1.92	0.92	0.98
DJ US A&D	0.30	0.91	0.97
S&P 500	1.78	1.09	0.92

## Fund Inception: Oct. 26, 2005

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

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

Fund performance figures include the reinvestment of dividends, but the return figures for the respective underlying Index do not. As a result, Fund performance returns may appear to be more favorable when compared to the underlying Index's returns.

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

# PowerShares Aerospace & Defense Portfolio

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

■ Aerospace & Defense Portfolio ■ SPADE Defense ■ S&P SuperComposite Aerospace & Defense  
■ DJ US Aerospace and Defense ■ S&P 500



Fund inception precedes index data – data begins April 30, 2006, the month end following most recent index publication date.

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

	1 Year	3 Year	5 Year	10 Year	Fund Inception <sup>2</sup>
<b>Underlying Index</b>					
SPADE Defense	26.20	2.98	4.32	–	5.67
<b>Benchmark Indexes</b>					
S&P SuperComposite					
Aerospace & Defense	32.90	7.43	6.69	–	9.49
DJ US Aerospace and Defense	27.75	4.16	4.14	–	7.00
S&P 500	30.68	3.34	2.95	–	3.76
<b>Fund</b>					
NAV	27.43	4.12	5.15	–	6.45
After Tax Held	26.95	3.71	4.85	–	6.17
After Tax Sold	17.80	3.26	4.25	–	5.41
Market Price	27.62	4.21	5.16	–	6.49

Performance data quoted represents past performance. As stated in the Fund's prospectus, the total expense ratio is 0.69%. However, the Adviser has contractually agreed to waive fees and/or pay certain Fund expenses which resulted in a net expense ratio of 0.66%. The expenses borne by the Adviser are subject to recapture by the Adviser for up to three years from the date the fee or expense was borne by the Adviser. These waivers and reimbursement contracts extend through at least Aug. 31, 2011. Past performance is not a guarantee of future results; current performance may be higher or lower than performance quoted. Investment returns and principal value will fluctuate and Shares, when redeemed, may be worth more or less than their original cost. The Shares' performance reflects fee waivers, absent which performance would have been lower. See [invescopowershares.com](http://invescopowershares.com) to find the most recent month-end performance numbers. After Tax Held represents total return after taxes on distributions and assumes Shares have not been sold. After Tax Sold represents total return after taxes on distributions and the sale of Fund Shares. After-tax returns reflect the highest federal income tax rate but exclude state and local taxes. Market returns are based on the midpoint of the bid/ask spread at 4 p.m. ET and do not represent the returns an investor would receive if shares were traded at other times.

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

	Performance (%)	Volatility (%)	Sharpe Ratio
SPADE Defense	4.32	21.21	0.12
S&P SuperComposite Aerospace & Defense	6.69	22.47	0.21
DJ US Aerospace and Defense	4.14	22.73	0.11
S&P 500	2.95	17.86	0.07

of their investments, and fees and expenses associated with an investment in the Fund.

The S&P SuperComposite Aerospace and Defense Index consists of all aerospace and defense stocks included in the S&P SuperComposite 1500 Index. The Dow Jones U.S. Aerospace & Defense Index is an unmanaged index considered representative of U.S. aerospace and defense companies. The S&P 500<sup>®</sup> Index is an unmanaged index considered representative of the U.S. stock market.

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

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



# PowerShares Aerospace & Defense Portfolio

As of June 30, 2011

Top 30 Fund Holdings (%) <sup>4</sup> Name	Weight
Honeywell International Inc.	6.94
United Technologies Corp.	6.86
Boeing Co.	6.83
Lockheed Martin Corp.	5.49
General Dynamics Corp.	5.41
Precision Castparts Corp.	4.64
Northrop Grumman Corp.	4.52
Raytheon Co.	4.50
ITT Corp.	4.04
L-3 Communications Holdings Inc.	4.01
Rockwell Collins Inc.	3.99
Goodrich Corp.	3.98
Textron Inc.	2.95
Ball Corp.	2.92
SAIC Inc.	2.68
Computer Sciences Corp.	2.66
Harris Corp.	2.59
FLIR Systems Inc.	2.43
TransDigm Group Inc.	2.06
URS Corp.	1.59
Booz Allen & Hamilton Inc.	1.21
Oshkosh Corp.	1.19
Triumph Group Inc.	1.10
Alliant Techsystems Inc.	1.08
Esterline Technologies Corp.	1.05
Heico Corp.	1.02
Elbit Systems Ltd.	0.92
Moog Inc. (CI A)	0.89
CACI International Inc. (CI A)	0.86
Teledyne Technologies Inc.	0.84

Fund Details <sup>3</sup>	
Weighted Harmonic Average	
Stock Price-to-Earnings Ratio	13.83
Weighted Harmonic Average	
Stock Price-to-Book-Value Ratio	2.40
Weighted Average Return on Equity	23.63
Weighted Market Cap (mm)	21,519
Number of Securities	55
Net Expense Ratio	0.66%
CUSIP	73935X690
Listing Exchange	NYSE Arca

Fund Subindustry Allocations (%)	
Aerospace & Defense	77.48
IT Consulting & Other Services	6.52
Communications Equipment	3.96
Electronic Equipment & Instruments	3.28
Metal & Glass Containers	2.92
Data Processing & Outsourced Services	2.66
Construction & Engineering	1.59
Construction & Farm Machinery & Heavy Trucks	1.35
Electronic Manufacturing Services	0.25

	Annual Index Performance (%)		
	SPADE Defense	S&P SuperComp	DJ US Aerospace
2007	22.16	21.27	20.31
2008	-38.03	-36.41	-38.66
2009	21.71	23.51	21.63
2010	9.62	15.83	10.57
2011 YTD	8.85	12.89	11.97

Fund Market-Cap Allocations (%)	
Large-Cap Growth	6.86
Large-Cap Value	46.38
Mid-Cap Growth	11.78
Mid-Cap Value	20.46
Small-Cap Growth	9.96
Small-Cap Value	4.55

Fund Sector Allocations (%)	
Consumer Discretionary	-
Consumer Staples	-
Energy	-
Financials	-
Health Care	-
Industrials	80.29
Information Technology	16.67
Materials	2.92
Telecommunication Services	0.13
Utilities	-

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

Underlying Index performance does not represent Fund performance.

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

Volatility is the annualized standard deviation of index returns.

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

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

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

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

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

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

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

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

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

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

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 may contain securities in the aerospace and defense industry. Companies engaged in this industry are subject to greater risks, and are more greatly impacted by market volatility, than more diversified investments.

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

The Fund is considered non-diversified and may be subject to greater risks than a diversified 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](http://invescopowershares.com) for a prospectus. Please read the prospectus carefully before investing.**

Note: Not all products available through all firms.