

PGX PowerShares Preferred Portfolio

As of March 31, 2017

Fund Description

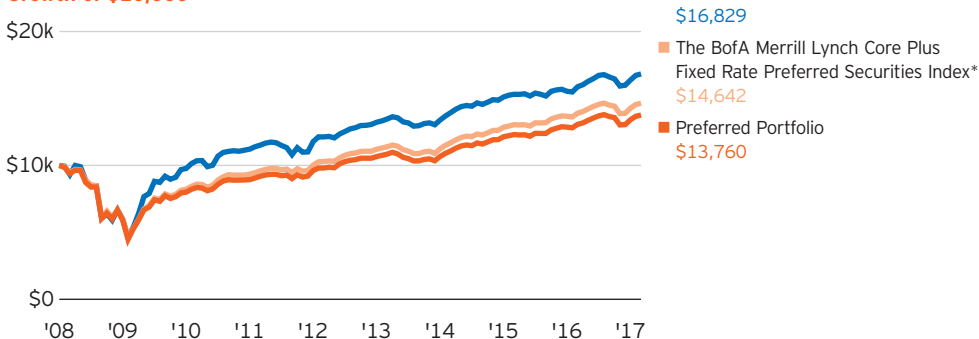
The PowerShares Preferred Portfolio is based on The BofA Merrill Lynch Core Plus Fixed Rate Preferred Securities Index. The Fund will normally invest at least 80% of its total assets in fixed rate US dollar-denominated preferred securities that comprise the Index. The Index tracks the performance of fixed rate US dollar denominated preferred securities issued in the US domestic market. (Securities must be rated at least B3, based on an average of three leading ratings agencies: Moody's, S&P and Fitch) and must have an investment-grade country risk profile (based on an average of Moody's, S&P and Fitch foreign currency long-term sovereign debt ratings). The Fund and the Index are rebalanced and reconstituted on a monthly basis.

Fund Data	
Preferred Portfolio	PGX
Intraday NAV (IIV)	PGXIV
CUSIP	73936T565
Listing Exchange	NYSE Arca
Number of Securities	253
30-Day SEC Yield	5.69%
30-Day SEC Unsubsidized Yield	5.69%
Total Expense Ratio	0.50%

As of June 5, 2015, the source of the calculation for these fund characteristics was changed from Aladdin (BRS) to Bloomberg.

Underlying Index Data	
BofA Merrill Lynch Core Plus Fixed Rate Preferred Securities	POP4
Index Provider	BofA Merrill Lynch
Number of Securities	305

Growth of \$10,000



Data beginning Fund Inception and ending March 31, 2017. Fund performance shown at NAV.

Fund Performance & Index History (%)

	YTD	1 year	3 year	5 year	10 year	Fund Inception
Underlying Index						
The BofA Merrill Lynch Core Plus Fixed Rate Preferred Securities Index	5.42	5.34	7.79	7.31	-	-
Benchmark Index						
S&P U.S. Preferred Stock Index	5.27	6.03	6.48	6.77	4.81	5.84
Fund						
NAV	5.50	5.33	7.50	7.02	-	3.54
Market Price	5.64	5.18	7.44	6.95	-	3.37

Returns less than one year are cumulative. Performance data quoted represents past performance. 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 powershares.com to find the most recent month-end performance numbers. 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 performance reflects fee waivers, absent which, performance data quoted would have been lower.

5-Year Index Statistics

	Alpha	Beta	Correlation	Sharpe Ratio	Volatility (%)
The BofA Merrill Lynch Core Plus Fixed Rate Preferred Securities Index	-	-	-	1.65	4.34
S&P U.S. Preferred Stock Index	0.67	0.97	0.97	1.54	4.31

Alpha, beta and correlation are that of the underlying index.

Fund Inception: Jan. 31, 2008

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

The BofA Merrill Lynch Core Plus Fixed Rate Preferred Securities Index* performance prior to April 2, 2012 reflects that of the original Underlying Index The BofA Merrill Lynch Core Fixed Rate Preferred Securities Index. From April 2, 2012, forward, the Index performance reflects that of the Underlying Index The BofA Merrill Lynch Core Plus Fixed Rate Preferred Securities Index AND IS NOT INTENDED FOR ANY

THIRD PARTY USE.

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 U.S. Preferred Stock Index is an unmanaged index consisting of US-listed preferred stocks.

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 March 31, 2017

Top 10 Fund Holdings

Name	Coupon	Maturity	S&P/Moody's Rating	Weight (%)
Barclays Bank PLC	8.125	12/31/2049	BB/Ba2	2.86
HSBC Holdings PLC	8.000	12/31/2049	BBB-/Baa1	2.77
HSBC Holdings PLC	8.125	12/31/2049	BBB-/Baa1	2.63
Wells Fargo & Co	8.000	12/31/2049	BBB/Baa2	2.56
Deutsche Bank Contingent Capital Trust V	8.050	12/31/2049	B+/B1	2.31
Citigroup Inc	6.875	12/31/2049	BB+/Ba2	1.63
BB&T Corp	5.625	12/31/2049	BBB-/Baa1	1.62
Bank of America Corp	6.500	12/31/2049	BB+/Ba2	1.53
PNC Financial Services Group Inc/The	6.125	12/31/2049	BBB-/Baa2	1.48
JPMorgan Chase & Co	6.125	12/31/2049	BBB-/Baa3	1.45

Please see the website for complete holdings information. Holdings are subject to change. Cash is excluded from the credit rating quality allocations table below.

Credit Ratings (%)

	S&P	Moody's
AA/Aa	1.62	-
A/A	2.05	6.22
BBB/Baa	57.67	57.11
BB/Ba	29.46	27.43
B/B	5.47	4.67
Not Rated/Not Rated	3.72	4.56

Maturity (years)

	Weight (%)
0-1	-
1-5	0.32
5-10	0.12
10-15	0.08
15-20	0.98
20-25	1.49
25+	97.00

Annual Index Performance (%)

	The BofA ML Core Plus Preferred Index	S&P U.S. Preferred Stock Index
2013	-1.55	-0.17
2014	15.93	14.07
2015	8.53	5.47
2016	1.40	1.94
2017 YTD	5.42	5.27

Fund Sector Allocations (%)

Consumer Discretionary	0.21
Consumer Staples	-
Energy	0.56
Financials	74.66
Health Care	-
Industrials	2.60
Information Technology	0.57
Materials	0.14
Real Estate	8.51
Telecommunication Services	4.60
Utilities	8.16

About risk

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

Preferred securities may be less liquid than many other securities, and in certain circumstances, an issuer of preferred securities may redeem the securities prior to a specified date.

Investments focused in a particular industry or sector, such as the financial institutions sector, are subject to greater risk, and are more greatly impacted by market volatility, than more diversified investments.

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. The Fund's return may not match the return of the Underlying Index. The Fund is subject to certain other risks. Please see the current prospectus for more information regarding the risk associated with an investment in the Fund.

The Fund is non-diversified and may experience greater volatility than a more diversified investment.

The risks of investing in securities of foreign issuers can include fluctuations in foreign currencies, political and economic instability, and foreign taxation issues.

Stocks of small and mid-sized companies tend to be more vulnerable to adverse developments, may be more volatile, and may be illiquid or restricted as to resale.

Debt securities are affected by changing interest rates and changes in their effective maturities and credit quality. The values of junk bonds fluctuate more than those of high quality bonds and can decline significantly over short time periods.

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. **Credit ratings** are assigned by Nationally Recognized Statistical Rating Organizations based on assessment of the credit worthiness of the underlying bond issuers. The ratings range from AAA (highest) to D (lowest) and are subject to change. Not rated indicates the debtor was not rated, and should not be interpreted as indicating low quality. Futures and other derivatives are not eligible for assigned credit ratings by any NRSRO and are excluded from quality allocations. For more information on rating methodologies, please visit the following NRSRO websites: standardandpoors.com and select "Understanding Ratings" under Rating Resources and moodys.com and select "Rating Methodologies" under Research and Ratings. The **30-Day SEC Yield** is based on a 30-day period and is computed by dividing the net investment income per share earned during the period by the maximum offering price per share on the last day of the period. The **30-Day SEC Unsubsidized Yield** reflects the 30-day yield if the investment adviser were not waiving all or part of its fee or reimbursing the fund for part of its expenses. Total return would have also been lower in the absence of these temporary reimbursements or waivers.

Typically, security classifications used in calculating allocation tables are as of the last trading day of the previous month.

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

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Note: Not all products available through all firms or in all jurisdictions.

