Invesco

PRF

Fund in Focus
PowerShares FTSE RAFI US 1000 Portfolio

- **Index:** FTSE RAFI US 1000 Index
- **Inception:** Dec. 19, 2005
- **AUM:** $4.0 Billion

As of March 31, 2016

- **Capital gains distribution:** **0.00%** vs. Lipper peer group avg of **2.65%***

Since PRF's inception through March 31, 2016

- **Gross expense ratio:** 0.41%
- **Net expense ratio:** 0.39%[1]

Lipper Multi-Cap Value Classification Median Expense Ratio as of March 31, 2016: 0.98%*

Lipper peer group ranking:
10th percentile since inception (14 of 154)

Multi-Cap Value as of March 31, 2016. The Lipper one-year rank is 15% (45 of 307), the five-year rank is 12% (28 of 235) and ten-year rank is 11% (17 of 157).

Overall Morningstar Rating™:
★★★★

ETF Large Value (42 Funds) as of March 31, 2016

Morningstar rankings are based on total return, excluding sales charges and including fees and expenses, *versus all funds in the category tracked by Morningstar. Since Inception Lipper Rank and Capital Gains Distribution data begins the month-end date of the ETF's inception month.* **Lipper fund percentile rankings are based on total returns, excluding sales charges and including fees and expenses**, *and are versus mutual funds, ETFs and funds of funds in the category tracked by Lipper.*

**Lipper Multi-Cap Value Classification median expense ratio and average annualized capital gains rate (% NAV) are based on open-end, no-load mutual funds and ETFs; excludes funds of funds.*

While it is not Invesco PowerShares intention, there is no guarantee that the Funds will not distribute capital gains to its shareholders.

See standardized performance on back.

As with any comparisons, advisors should be aware of the material differences between mutual funds and ETFs. Most ETFs are passively managed, whereas most mutual funds are actively managed. Other differences include, but are not limited to, expenses, management style and liquidity. Actively managed mutual funds have the ability to react to market changes and the potential to outperform a stated benchmark. Advisors should make their investors aware of these differences before investing.

Underlying Index data and performance should not be considered a representation of fund data and performance. The fund data and performance may not match the return of the underlying index.

Key features
Invesco PowerShares launched the first Fundamental Index® strategy exchange-traded fund (ETF) with the introduction of the PowerShares FTSE RAFI US 1000 Portfolio. As the flagship Fundamental ETF, PRF offers exposure to the 1,000 largest US equities weighted using four broad measures of fundamental size – five-year averages of sales, cash flow, dividends and most recent year ending book value.

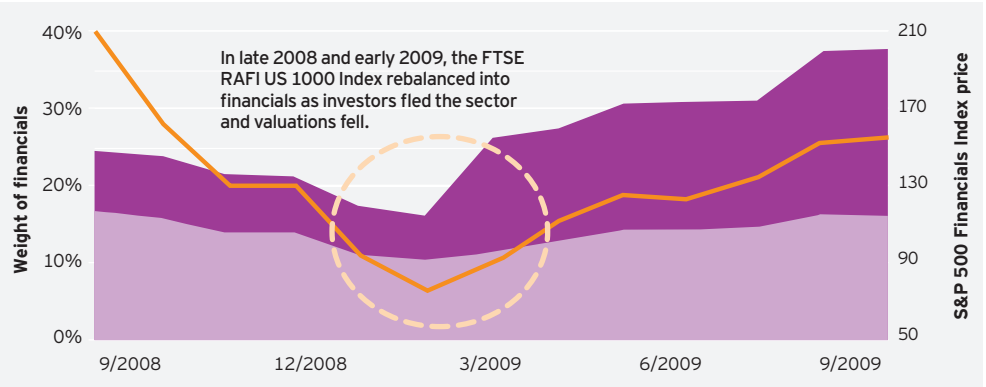
Consider three key features of PRF:

- **Mitigates potential shortcomings with traditional indexes**
- **Potential excess returns through a disciplined rebalancing process**
- **Rapid adoption of fundamental index strategies by institutional investors**

Mitigates potential shortcomings with traditional indexes
Fundamental Index strategies employ a disciplined rebalancing process that seeks to outperform market-cap-weighted indexes by severing the link between stock price and portfolio weight. Instead, the strategy systematically sells overvalued stocks and buys undervalued stocks annually, weighting constituents based on the fundamental measures of company size.

This systematic rebalancing process is the driver of potential excess returns by selling what is popular and trendy while buying what is shunned and neglected. *Please note these results may have included times of underperformance and that there is no guarantee of outperformance in the future.*

Weight in financials during global financial crisis (%)



Source: Research Affiliates, LLC, as of Sept. 30, 2008 through Sept. 30, 2009. For illustrative purposes only.

Relative performance during global financial crisis
The Fundamental Index strategy's disciplined objectivity enabled the Index to ignore market emotion and increase its allocation to a sector that ultimately proved to be undervalued leading to significant excess return over the full cycle.

	Global Financial Crisis 3/31/08 - 3/31/09	March 2009 Recovery 4/1/09 - 12/31/09	Full Cycle 3/31/08 - 12/31/09
FTSE RAFI US 1000 Index	-42.7%	64.9%	-5.5%
S&P 500 Index	-38.1%	42.1%	-12.0%
S&P 500 Financials Index	-63.0%	64.7%	-39.1%

Past performance is not a guarantee of future results. An investment cannot be made in an index.

1 The PowerShares FTSE RAFI US 1000 Portfolio has a gross expense ratio of 0.41%. However, the Adviser has contractually agreed to waive fees and/or pay certain Fund expenses which resulted in the total net operating expense of 0.39%. These waivers and reimbursement contracts extend through at least Aug. 31, 2016.

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PowerShares FTSE RAFI US 1000 Portfolio was rated four stars against the following numbers of US-domiciled US ETF Large Value funds over the following time periods: 42 funds in the last three years, 30 funds in the last five years and 14 funds in the last ten years. With respect to these US ETF Large Value funds, PowerShares FTSE RAFI US 1000 Portfolio received a Morningstar Rating of four stars for the three-, five- and ten-year periods, respectively. ***Past performance is no guarantee of future results.***

Not FDIC Insured | May Lose Value | No Bank Guarantee

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Historical excess returns vs. the Russell 1000 Index

	FTSE RAFI US 1000 Index
Index Launch:	11/28/05
1-yr rolling win rate:*	45.05%
3-yr rolling win rate:*	83.15%
Annualized excess return:	0.87%

Source: Bloomberg L.P., as of March 31, 2016
**Rolling win rate is calculated by taking the number of monthly periods where the excess return is positive vs its benchmark, the Russell 1000 Index, divided by the total number of periods.*

Potential excess returns through a disciplined rebalancing process

Since its inception in 2005, the FTSE RAFI US 1000 Index has delivered excess return versus the Russell 1000 Index. *Please note these results may have included times of underperformance and that there is no guarantee of outperformance in the future.*

Standardized performance (as of March 31, 2016)

	1 year	5 year	10 year	Since fund inception (12/19/05)
PowerShares FTSE RAFI US 1000 Portfolio NAV	-1.24	10.49	7.42	7.66
PowerShares FTSE RAFI US 1000 Portfolio Market Price	-1.39	10.49	7.41	7.68
FTSE RAFI US 1000 Index	-0.91	10.91	7.87	8.11
Russell 1000 Index	0.50	11.35	7.06	7.24
S&P 500 Index	1.78	11.57	7.01	7.15

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. Current performance my be higher or lower than the performance data quoted. The Fund's performance reflects fee waivers, absent which performance would have been lower. See invescopowershares.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.*

Other broad market equity fundamental index strategy portfolios

PRFZ PowerShares FTSE RAFI US 1500 Small-Mid Portfolio

PXF PowerShares FTSE RAFI Developed Markets ex-US Portfolio

PDN PowerShares FTSE RAFI Developed Markets ex-US Small-Mid Portfolio

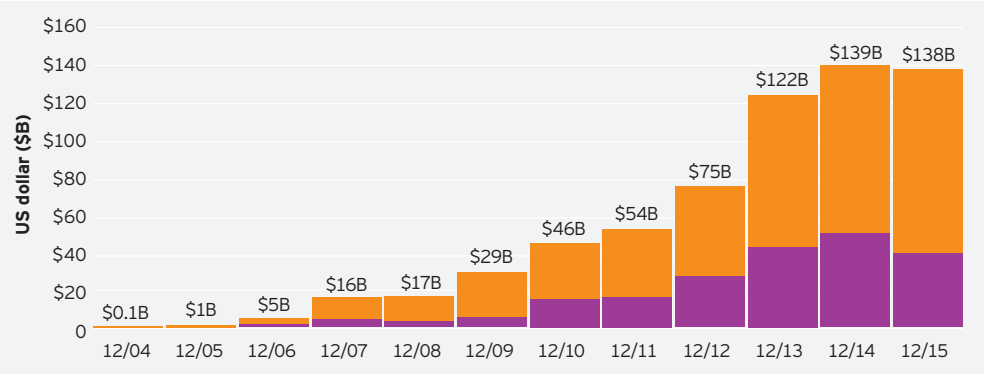
PXH PowerShares FTSE RAFI Emerging Markets Portfolio

PAF PowerShares FTSE RAFI Asia Pacific ex-Japan Portfolio

Rapid adoption of fundamental index strategies by institutional investors

Implementation of Fundamental Index strategies among institutional investors, including pensions and endowments, has grown rapidly.

Adoption by institutional investors ($B)



Source: Research Affiliates, LLC, as of Dec. 31, 2015. There may be material differences in the investment goals, liquidity needs, and investment horizons of individual and institutional investors.
**December 2015 data based on estimates.*

Risk Information
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 Funds' return may not match the return of the Underlying Index. The Funds are subject to certain other risks. Please see the current prospectus for more information regarding the risks associated with an investment in the Funds.

Investors should be aware of the risks associated with data sources and quantitative processes used in our investment management process. Errors may exist in data acquired from third party vendors, the construction of model portfolios, and in coding related to the index and portfolio construction process. While Research Affiliates takes steps to identify data and process errors so as to minimize the potential impact of such errors on index and portfolio performance, we cannot guarantee that such errors will not occur.

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

PRF: Investments focused in a particular industry are subject to greater risk, and are more greatly impacted by market volatility, than more diversified investments.

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

FTSE RAFI US 1000 Index is designed to track the performance of the largest US equities, selected based on the following four fundamental measures of firm size: book value, cash flow, sales and dividends. The 1,000 equities with the highest fundamental strength are weighted by their fundamental scores.

The Russell 1000® Index is an unmanaged index considered representative of large-cap stocks. The Russell 1000 Index is a trademark/service mark of the Frank Russell Co. Russell® is a trademark of the Frank Russell Co.

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Before investing, investors should carefully read the prospectus/summary prospectus and carefully consider the investment objectives, risks, charges and expenses. For this and more complete information about the Funds call 800 983 0903 or visit invescopowershares.com for prospectus/summary prospectus.

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