
*Key features*

- Potential for high monthly income with a broad based preferred exposure
- Select preferred securities may provide opportunity for lower risk and better risk-adjusted return potential
- Income diversification and the potential for tax-advantaged yield

**Potential for high monthly income with a broad based preferred exposure**

Preferred securities may provide higher yields than traditional fixed income and dividend equity peers. However, note that higher yields come with different risks, and preferred securities may not be appropriate for all investors.

PGF is based on the Wells Fargo Hybrid and Preferred Securities Financial Index, which is a preferred index that includes various types of preferred securities (traditional and hybrid preferreds and senior notes) traded by financial institutions.

**Yields by asset class**

Investing in stock involves risks, including the loss of principal and changes in dividend policies of companies and the capital resources available for dividend payments. Although bonds generally present less short-term risk and volatility than stocks, investing in bonds involves interest rate risk; as interest rates rise, bond prices usually fall, and vice versa. Bonds also entail credit risk and the risk of default, as well as greater inflation risk than stocks. High-yield bonds and senior loans are subject to a higher level of credit risk than investment grade bonds. Preferred securities are senior to common stock, but subordinate to bonds in terms of claim. The principal interest payments of Treasury bonds are guaranteed. Senior loans tend to be less liquid than the other asset classes listed. Investments in narrow sectors such as real estate may be subject to more volatility than more diversified investments.

Master Limited Partnerships (MLPs), as represented by the The Alerian MLP Infrastructure Index, is a type of business organization that exists in the form of a publicly traded limited partnership. Most MLPs are found in the energy and natural resource sectors, while REITs are considered a financial sector investment. MLPs differ from stocks, bonds and preferred securities in that MLPs buy units of a partnership instead of shares of a corporation. There is also a more limited pool of investors for MLPs versus traditional equities because institutional investors are not allowed to hold MLP units without incurring tax liability. MLPs generally offer attractive yields and have a lower corporate tax burden, however the drawbacks include personal tax liability.

---

1 The fund does not replicate the index, but instead uses sampling.
2 There can be no guarantee or assurance that companies will declare dividends in the future, or that if declared, they will remain at current levels or increase over time.

Not FDIC Insured | May Lose Value | No Bank Guarantee
Select preferred securities may provide opportunity for lower risk and better risk-adjusted return potential

The Wells Fargo Hybrid and Preferred Securities Financial Index rules require a minimum rating of B3 (based on an average of Moody’s, S&P and Fitch), which may preserve the quality of the portfolio, and could potentially aid in reducing risk while enhancing risk-adjusted returns. Note that such ratings may be below investment grade, and therefore carry higher risk.

Sharpe ratio by asset class

Financial preferreeds have had higher risk-adjusted returns than some other income-oriented asset classes.

<table>
<thead>
<tr>
<th>Sharpe ratio</th>
<th>Financial preferreds</th>
<th>US equities</th>
<th>US dividend stock</th>
<th>US high yield corporate bonds</th>
<th>MLPs</th>
<th>REITs</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.37</td>
<td>0.37</td>
<td>1.00</td>
<td>1.06</td>
<td>1.06</td>
<td>1.07</td>
<td>1.95</td>
</tr>
</tbody>
</table>

Source: Bloomberg L.P., Sept. 30, 2014 through Sept. 30, 2017 using monthly total returns. Past performance is no guarantee of future results. An investor cannot invest directly in an index. Index returns do not represent fund returns and are not inclusive of dividends, fees or other transactions costs. Visit powershares.com for the most recent fund performance. The sharpe ratio is the average return earned in excess of the risk-free rate per unit of volatility or total risk.

Financial preferreeds have historically outperformed other asset classes during periods when US equities declined by more than 7%

<table>
<thead>
<tr>
<th>Date Range</th>
<th>Financial preferreds</th>
<th>US equities</th>
<th>US dividend stock</th>
<th>US high yield corporate bonds</th>
<th>MLPs</th>
<th>REITs</th>
</tr>
</thead>
<tbody>
<tr>
<td>April 27, 2010 - July 2, 2010</td>
<td>-4.03</td>
<td>-13.24</td>
<td>-11.31</td>
<td>-2.38</td>
<td>0.55</td>
<td>-11.06</td>
</tr>
<tr>
<td>April 2, 2012 - June 1, 2012</td>
<td>-1.99</td>
<td>-9.58</td>
<td>-7.42</td>
<td>-0.73</td>
<td>-8.38</td>
<td>-4.87</td>
</tr>
<tr>
<td>Sept. 5, 2014 - Oct. 15, 2014</td>
<td>0.45</td>
<td>-7.04</td>
<td>-5.66</td>
<td>-2.70</td>
<td>-10.23</td>
<td>-3.62</td>
</tr>
<tr>
<td>July 20, 2015 - Aug. 25, 2015</td>
<td>-0.90</td>
<td>-12.04</td>
<td>-10.49</td>
<td>-2.87</td>
<td>-11.40</td>
<td>-7.78</td>
</tr>
</tbody>
</table>

Source: Bloomberg L.P., Sept. 30, 2017. Past performance is no guarantee of future results. An investor cannot invest directly in an index. Index returns are cumulative, do not represent fund returns and are not inclusive of dividends, fees or other transactions costs.

The following indexes were used to represent the sectors: REITs: MSCI US REIT Index; 10-Year Treasury: Bloomberg Barclays Current 10-Year Treasury Index; US high yield corporate: Bloomberg Barclays US High Yield Index; US dividend stock: NASDAQ Dividend Achievers Select Index; US equities: S&P 500 Index; US investment grade corporate: Bloomberg Barclays US Corporate Index; Financial preferreeds: The Wells Fargo Hybrid and Preferred Securities Financials Index; MLPs: The Alerian MLP Infrastructure Index.

A credit rating is an assessment provided by a nationally recognized statistical rating organization (NRSRO) of the creditworthiness of an issuer with respect to debt obligations, including specific securities, money market instruments or other debts. Ratings are measured on a scale that generally ranges from AAA (highest) to D (lowest); ratings are subject to change without notice. NR indicates the debtor was not rated, and should not be interpreted as indicating low quality. For more information on rating methodologies, please visit the following NRSRO websites: www.standardandpoors.com and select ‘Understanding Ratings’ under Rating Resources on the homepage; www.moodys.com and select ‘Rating Methodologies’ under Research and Ratings on the homepage; www.fitchratings.com and select ‘Understanding Credit Ratings’ on the homepage drop down menu.
Investment

The Wells Fargo Hybrid and Preferred Securities Financial Index

S&P US Preferred Stock Index

Barclays US Aggregate Bond Index

Income diversification and the potential for tax-advantaged yield

Preferred securities are hybrid securities with income characteristics of both stocks and bonds. Similar to traditional equity securities, many preferred issuers pay qualified dividend income (QDI), which is taxed at a lower rate than ordinary income. As illustrated below, QDI from eligible preferred securities is taxed at a maximum rate of 23.8%, while the highest tax rate for ordinary income (including interest income from bonds) is 43.4%. On the other hand, like bonds, preferred securities have fixed coupon payments. These unique characteristics can help diversify a portfolio's income while potentially providing after-tax yield.

PGF offers a potential tax advantage, as 100% of its holdings offered qualified dividend income (QDI) (as of Sept. 30, 2017). Qualified dividend income is taxed at lower rates than ordinary income.

### Hypothetical comparison

<table>
<thead>
<tr>
<th></th>
<th>QDI eligible preferred stock</th>
<th>High yield bonds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coupon</td>
<td>5.0%</td>
<td>5.0%</td>
</tr>
<tr>
<td>Highest income tax rate*</td>
<td>23.8%</td>
<td>43.4%</td>
</tr>
<tr>
<td>After-tax coupon</td>
<td>3.8%</td>
<td>2.8%</td>
</tr>
</tbody>
</table>

*Includes Medicare surtax of 3.8%

For illustrative purposes only. PowerShares does not offer tax advice. Please consult your own tax adviser for information regarding your own tax situation.

### Low correlation to both equities and bonds may provide diversification

<table>
<thead>
<tr>
<th>Investment</th>
<th>The Wells Fargo Hybrid and Preferred Securities Financial Index</th>
<th>S&amp;P 500 Index</th>
<th>Barclays US Aggregate Bond Index</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wells Fargo Hybrid and Preferred Securities</td>
<td>1.00</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Financial Index</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>S&amp;P 500 Index</td>
<td>0.30</td>
<td>1.00</td>
<td>-</td>
</tr>
<tr>
<td>Bloomberg Barclays US Aggregate Bond Index</td>
<td>0.59</td>
<td>-0.15</td>
<td>1.00</td>
</tr>
</tbody>
</table>


Diversification does not guarantee a profit or eliminate the risk of loss. PowerShares does not offer tax advice. Please consult your tax adviser for information regarding your own personal tax situation. Preferred securities may include provisions that permit the issue to defer or omit distributions and if the fund owns a security that is deferring or omitting its distributions, the fund may be required to report the distribution on its tax returns, even though it may not have received this income.
Invesco Distributors, Inc.
powershares.com 800 983 0903 @PowerShares

S&P 500® Index is an unmanaged index, the returns of which do not reflect any selling, trading, or investment advisory fees or expenses. The S&P US Preferred Stock Index is a market capitalization-weighted index designed to track the performance of preferred securities traded in the US market by financial institutions.

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

S&P 500® Index is an unmanaged index considered representative of the US stock market.

Bloomberg Barclays US Corporate Index is an unmanaged index comprised of US dollar denominated investment grade corporate debt securities publicly issued in the US domestic market with at least one year remaining term to final maturity.

MSCI US REIT Index is a free float-adjusted market capitalization index that is comprised of equity REITs.

The Alerian MLP Infrastructure Index is a capitalization-weighted index, whose constituents earn the majority of their cash flow from midstream activities involving energy commodities, is disseminated real-time on a price-return basis (AMZI) and on a total-return basis (AMZIX).


Bloomberg Barclays US Aggregate Bond Index is an unmanaged index considered representative of the US investment-grade, fixed-rate bond market.

NASDAQ Dividend Achievers Select Index is comprised of a select group of securities with at least ten consecutive years of increasing annual regular dividend payments.

Correlation is the degree to which two investments have historically moved in relation to each other.

Bloomberg Barclays Current 10-Year Treasury Index measures the total return performance of US Treasury bonds with an outstanding par that is greater than or equal to $25 million. The maturity range of these securities is greater than ten years.

Wells Fargo Hybrid and Preferred Securities Financial Index is a market capitalization-weighted index designed to track the performance of preferred securities traded in the US market by financial institutions.

The S&P US Preferred Stock Index is an unmanaged index considered representative of the US stock market.

Bloomberg Barclays US Aggregate Bond Index is an unmanaged index comprised of US dollar denominated investment grade corporate debt securities publicly issued in the US domestic market with at least one year remaining term to final maturity.

MSCI US REIT Index is a free float-adjusted market capitalization index that is comprised of equity REITs.

The Alerian MLP Infrastructure Index is a capitalization-weighted index, whose constituents earn the majority of their cash flow from midstream activities involving energy commodities, is disseminated real-time on a price-return basis (AMZI) and on a total-return basis (AMZIX).


Bloomberg Barclays US Aggregate Bond Index is an unmanaged index considered representative of the US investment-grade, fixed-rate bond market.

NASDAQ Dividend Achievers Select Index is comprised of a select group of securities with at least ten consecutive years of increasing annual regular dividend payments.

US Generic Government 10-Year Yield Index measures the generic government 10-year yield for Treasuries.

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 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 risks associated with an investment in the fund.

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.

Variable- and floating-rate securities may be subject to liquidity risk, limiting the fund's ability to sell securities. Due to the features of these securities, there can be no guarantee they will pay a certain level of a dividend and will generally pay lower levels of income in a falling interest rate environment.

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

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

High yield securities involve greater risk and are less liquid than higher grade issues. Changes in general economic conditions, financial conditions of the issuers and in interest rates may adversely impact the ability of issuers to make timely payments of interest and principal.

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 10,000, 50,000, 75,000, 100,000 or 200,000 shares.

Trademarks & Other Information
The fund is not sponsored, issued or advised by Wells Fargo. Wells Fargo makes no representation or warranty, express or implied, to fund investors or any member of the public regarding the performance of the fund’s index or this fund or the ability of any data supplied by Wells Fargo to track the performance of the securities referenced by the fund’s index. Wells Fargo’s only relationship to the adviser is the licensing of certain trademarks and trade names of Wells Fargo and of the data supplied by Wells Fargo that is determined, composed and calculated by Wells Fargo without regard to this fund or its common shares. Wells Fargo has no obligation to take the needs of the fund into consideration when determining, composing or calculating the data. Wells Fargo has no obligation or liability in connection with the administration, marketing or trading of this fund.

This does not constitute a recommendation of any investment strategy or product for a particular investor. Investors should consult a financial advisor/financial consultant before making any investment decisions.

Note: Not all products, materials or services available at all firms.

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 fund call 800 983 0903 or visit powershares.com for prospectus/summary prospectus.