The Invesco PowerShares ETF
Monthly Report, Issue 11

powerSHARES®

CONNECTION

November 2013 | *Data as of October 2013*

Exchange-Traded Funds (ETFs) in Focus:

Positioning for Rising Rates using Equity Risk Factors

ETF Strategist Interview: Curian Capital LLC

Other Features:

US ETF Industry Highlights

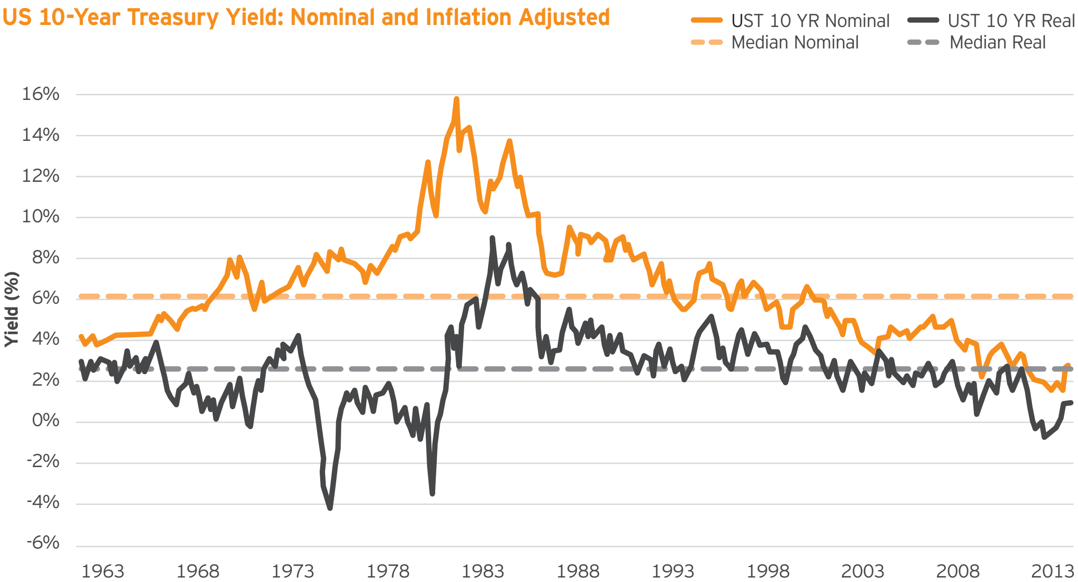
Major Market Performance Summary

Exchange-Traded Funds (ETFs) in Focus:

Positioning for Rising Rates using Equity Risk Factors

The slow rise in the 10-year Treasury yield between July 2012 and early March 2013 and the surge in the 10-year Treasury yield between May and September 2013 are reminders that interest rates can rise suddenly and sharply. Despite the fact that the 10-year yield was more than 1.00% above its July 2012 trough of 1.38%, the 10-year Treasury yield has remained historically low both nominally and on an inflation-adjusted basis. Going back to the early 1960's, the US 10-year Treasury yield has had a median value of 6.20% compared to a current value near 2.50%. The low inflation environment has tended to cap the nominal 10-year Treasury yield, but even when adjusted for inflation excluding food and energy, the 10-year Treasury yield was depressed. The inflation-adjusted yield was 0.91% versus a median inflation-adjusted yield of 2.57%.[1] The chart highlights the history of nominal and real 10-year Treasury yields.

US 10-Year Treasury Yield: Nominal and Inflation Adjusted



Sources: Bloomberg L.P., and Invesco PowerShares, as of September 2013
Yields shown are calculated using the 10-year Treasury yields and the 10-year Treasury yields less the consumer price index.
An investor cannot invest directly in an index. Past performance is no guarantee of future results. Treasury securities are backed by the full faith and credit of the US government as to the timely payment of principal and interest.

Although the slow growth low inflation environment has tended to cap the 10-year yield, it has been pressured in part due to the Federal Reserve's asset purchase program and desire to stimulate economic growth. The Federal Reserves' holdings of US Treasury notes and bonds have increased over $430 billion since the start of QE3 in September 2012 and are up over $1.2 trillion since QE2 began in 2011.[2] An eventual end to the Federal Reserves' Treasury buying program would put the 10-year Treasury yield at risk of normalizing.

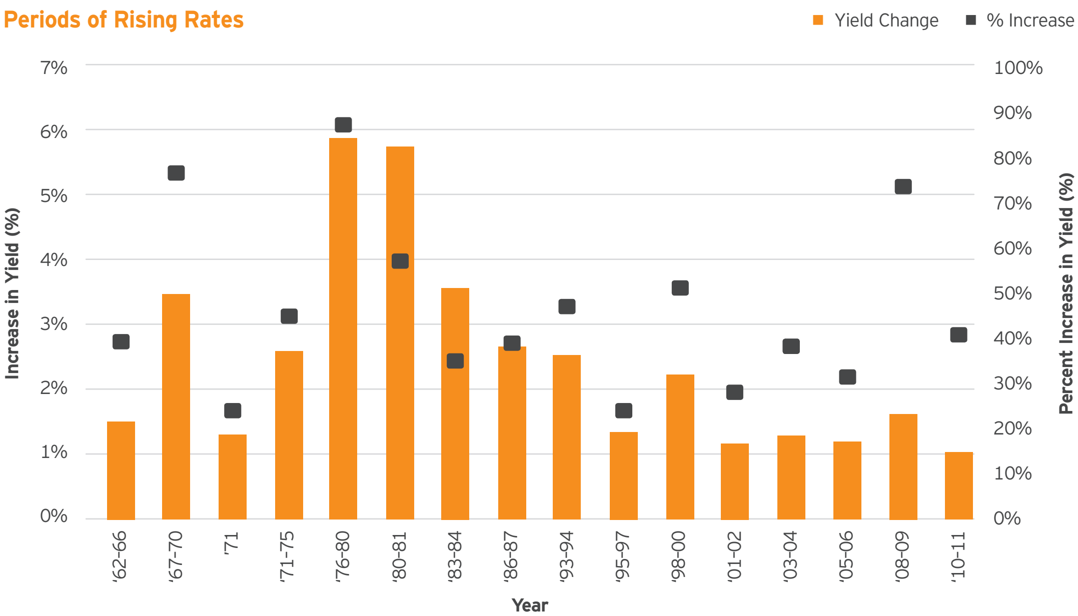
The Impact of Rising Yields on Equity Investment Returns

Given the risk of higher 10-year Treasury yields due to the potential for either mean reversion or the ending of the Fed's asset purchase program, investors need to understand which equity investment factor may be able to turn in the strongest performance in a rising interest-rate environment. Three investment factors, momentum, value and small cap, were examined for excess market return using the Fama/French Research Library. Put another way, the ability of these investment themes to outperform the overall equity market in a rising 10-year yield environment was tested with the objective of finding the strongest performing factor. The period from January 1962 to October 2013 was examined, and outperformance was based on the Fama/French value-weighted return framework.

1 Source: Bloomberg L.P. Invesco PowerShares as of Sept. 2013
2 Source: Bloomberg L.P. Invesco PowerShares as of Oct. 23 2013
Treasury securities are backed by the full faith and credit of the US government as to the timely payment of principal and interest.
An investor cannot invest directly in an index. Past performance is no guarantee of future results.

Periods where the US 10-year Treasury yield rose 20% (think of a gain of 5.0% to 6.0%) or more since 1962 were examined and deemed periods of significant rate increase. At the same time, the annualized excess return for each factor was calculated during the period of increase. The current rate rise in the 10-year yield from July 2012 was considered unfinished as of Oct. 31, 2013, as the yield had not fallen enough to say the uptrend had finished. As a result, no conclusion was drawn about the current period. The graphic displays the periods when the 10-year Treasury yield posted a percentage increase of 20% or more. Values are displayed both in terms of percentage change and increase in yield.

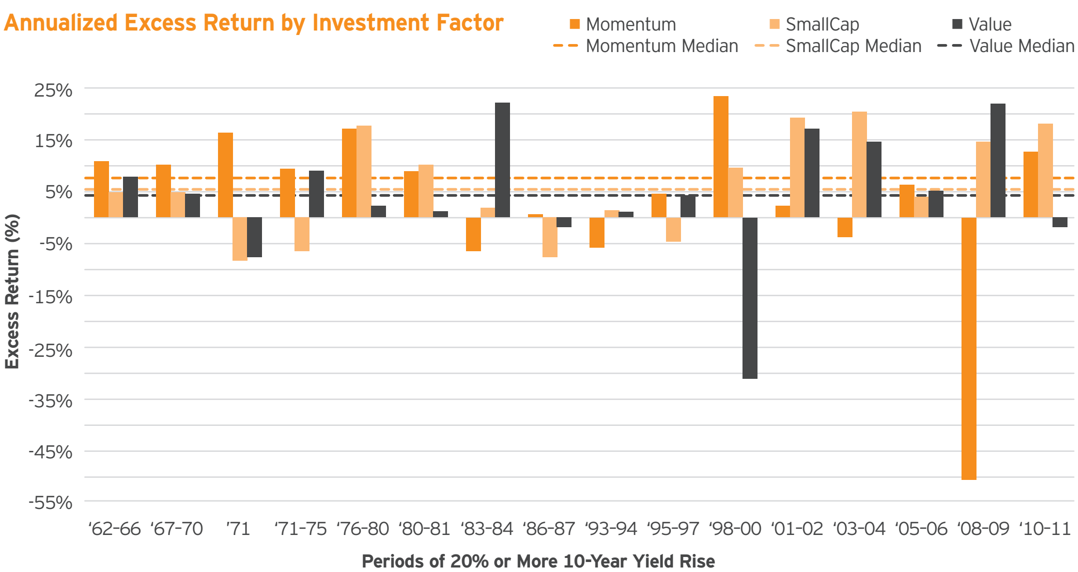
Periods of Rising Rates



Source: Bloomberg L.P., as of Oct. 31, 2013
An investor cannot invest directly in an index. Past performance is no guarantee of future results. Treasury securities are backed by the full faith and credit of the US government as to the timely payment of principal and interest.

The following graphic displays the excess return for each of the investment factors during the period of significant interest rate increase. The graphic provides a view of the returns which are summarized in the tables following.

Annualized Excess Return by Investment Factor



Source: Fama French Library, as of Oct. 31, 2013
An investor cannot invest directly in an index. Past performance is no guarantee of future results. French High Momentum contains a momentum factor, constructed from six value-weight portfolios formed using independent sorts on size and prior return of NYSE, AMEX and NASDAQ stocks. French Value and French Growth factors are constructed using the book-to-market ratio of value stocks relative to growth stocks and vice versa.

Returns: All Periods

	10-Year Yield Rise	Percent Yield Increase	Annualized Excess Market Return		
			Momentum	**SmallCap**	**Value**
Average	2.45%	45.84%	3.49%	**6.31%**	4.29%
Median	1.93%	39.90%	**7.57%**	5.34%	4.34%
Std. Deviation	1.55%	18.90%	16.78%	9.93%	12.75%
Avg/Std. Deviation	1.58	2.42	0.21	**0.64**	0.34
Win Rate to Market			75.0%	75.0%	75.0%

Returns: Excluding 2008–2009 Rate Rise

	10-Year Yield Rise	Percent Yield Increase	Annualized Excess Market Return		
			Momentum	**SmallCap**	**Value**
Average	2.50%	44.00%	**7.12%**	5.74%	3.11%
Median	2.25%	39.20%	**8.94%**	4.80%	4.32%
Std. Deviation	1.59%	18.02%	8.70%	10.01%	12.25%
Avg/Std. Deviation	1.58	2.44	**0.82**	0.57	0.25
Win Rate to Market			**80.0%**	73.3%	73.3%

Source: Fama French Library, as of Oct. 31, 2013
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. An investor cannot invest directly in an index. Index returns do not represent Fund returns.*** *French High Momentum contains a momentum factor, constructed from six value-weight portfolios formed using independent sorts on size and prior return of NYSE, AMEX and NASDAQ stocks. French Value and French Growth factors are constructed using the book-to-market ratio of value stocks relative to growth stocks and vice versa.*

A summary of the graphic and tables provides the following insights:

- There were 16 periods where interest rates rose more than 20% since 1962. Across these periods, the average gain in the 10-year yield was 2.45% and the average increase was 45.84% in percentage terms. The average duration of the increase was 19 months.
- The momentum, small cap, and value investment buckets each rose 12 of 16 times or 75% of the time during a 20% or more 10-year Treasury yield increase.
- Deleveraging and a high degree of investor risk aversion caused momentum to underperform in '08 to '09 during the Great Recession. When the '08 to '09 period is eliminated, momentum posted an excess return 12 of 15 times or 80% of the time and recorded a win rate relative to the market greater than the small cap and value investment styles which each rose 11 of 15 times or 73.3% of the time.
- Looking at the median of excess return to reduce the impact of outlier data points, momentum posted the highest level of excess return. The median excess return for momentum was 7.57% compared to 5.34% for small cap and 4.34% for value.
- When the financial crisis of '08/'09 is eliminated, the median excess return for momentum jumps to 8.94%, while the median excess return for the small cap and value sectors declines to 4.80% and 4.32% respectively.
- When adjusted for standard deviation of excess return or the distribution of return, small caps posted the most stable excess return over all periods. However, when '08 to '09 is excluded, momentum displayed the greatest stability of excess return followed by small cap and then value.

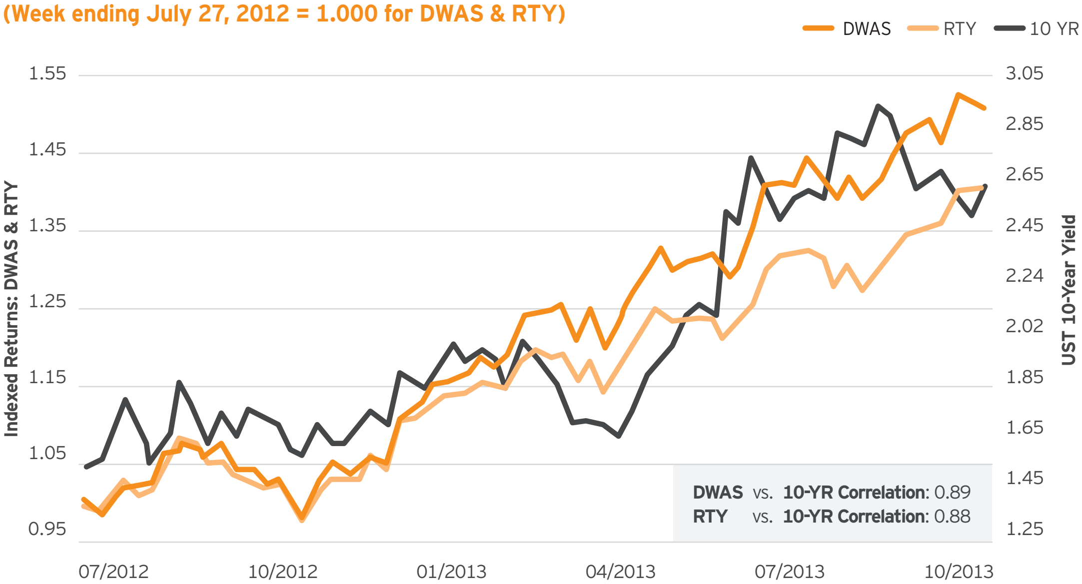
Investing in securities of small-sized companies may involve greater risk than is customarily associated with investing in large companies.

Positioning Equity Portfolios For Rising Rates

Investors seeking to position their portfolios for rising long term interest rates may consider an investment in the **PowerShares DWA Small Cap Momentum Portfolio (DWAS)*** and the **PowerShares DWA Momentum Portfolio (PDP)**.* The momentum and small-cap factors have posted higher excess return relative to the value factor, and have a track record of beating the market as defined by the Fama/French framework during periods of rising interest rates between 1962 and 2011 as shown on page 3.

The PowerShares DWA Small Cap Momentum Portfolio seeks to gain combined exposure to the small-cap sector and the momentum factor. The graphic following displays the price trend of the PowerShares DWA Small Cap Momentum Portfolio, the Russell 2000® Index, and the 10- year Treasury yield between July of 2012 and late October 2013 during - the most recent rising interest rate environment. DWAS began trading in July of 2012. The prices of DWAS and the Russell 2000 Index are indexed to the week ending July 27, 2012. Between the weeks ending July 27, 2012 and Oct. 25, 2013, DWAS rose nearly 51.0% while the Russell 2000 Index appreciated 40.5% and the 10-year Treasury yield increased 62%.[3] The graphic highlights the power of momentum and small-cap investing when interest rates are increasing, and the ability of a factor-based portfolio like DWAS to outperform a market-cap weighted index like the Russell 2000 Index. The momentum factor-based DWAS provides exposure to 200 small-cap stocks which have experienced strength relative to their peers. In contrast, the Russell 2000 is constructed based on the basis of market capitalization.

DWAS & Russell 2000 Index (RTY) vs. US 10-Year Treasury Yield July 2012–October 2013
(Week ending July 27, 2012 = 1.000 for DWAS & RTY)



Sources: Bloomberg L.P., and Invesco PowerShares as of Oct. 25, 2013
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. An investor cannot invest directly in an index. Index returns don't represent Fund returns.

In conclusion, momentum, small cap, and value factors all have tended to outperform the market when interest rates are rising, but value has posted the smallest median return since 1962. It appears that rising interest rates tend to coincide with stronger economic conditions and corporate pricing power which benefits companies that are leveraged to earnings growth and less reliant on dividends to generate their return streams.

Invesco PowerShares has a range of single-factor ETFs. In coming publications, many of these portfolios will be examined to highlight their features and performance in various market conditions. Based on this report's focus, investors looking to position for higher long-term interest rates should examine small cap and momentum based investment strategies. The **PowerShares DWA Small Cap Momentum Portfolio (DWAS)** allows investors the ability to take advantage of both the momentum and small-cap factors in one portfolio.

** Effective on or about Oct. 4, 2013, the PowerShares DWA SmallCap Technical Leaders Portfolio was renamed to PowerShares DWA SmallCap Momentum Portfolio and the PowerShares DWA Technical Leaders Portfolio to PowerShares DWA Momentum Portfolio.*
3 Sources: Bloomberg L.P. and Invesco PowerShares, as of Oct. 31, 2013

Standardized Performance as of Sept. 30, 2013

DWAS	YTD	1 Year	3 Year	5 Year	Since Inception
NAV	38.62	40.78	-	-	39.51
After Tax Held	38.53	40.52	-	-	39.29
After Tax Sold	21.85	23.29	-	-	30.28
Market Price	38.58	40.79	-	-	39.47
AUM as of 9/30/13	$483.4 mln				
Inception Date	7/19/12				

PDP	YTD	1 Year	3 Year	5 Year	Since Inception
NAV	21.56	23.88	17.81	12.32	5.79
After Tax Held	21.43	23.63	17.70	12.22	5.72
After Tax Sold	12.2	13.68	14.06	9.85	4.56
Market Price	21.64	23.78	17.79	12.36	5.76
AUM as of 9/30/13	$970.6 mln				
Inception Date	3/1/07				

Annualized return. Performance data quoted represents past performance, which 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 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.

Please see the risk disclosures at the end of the document for risk information regarding the Funds.

October 2013

ETF Assets October Δ

▲ **4.8%**

ETF October Net Flows

▲ **$25.8** Billion

Increase in # of ETFs in October

27

ETF Assets and Net Flows by Provider (Ranked by October Assets)

		Assets - $Mil.			Net Flows - $Mil.	
	# ETFs	10/31/13	Oct. Δ	YTD Δ	Oct. '13	YTD
iShares	295	646,590	24,122	88,589	4,624	33,579
State Street	124	373,314	20,568	44,130	8,073	6,498
Vanguard	67	322,916	17,668	78,483	6,726	48,794
PowerShares (Total)	131	91,638	4,360	21,496	1,421	11,181
WisdomTree	54	32,866	1,515	14,581	714	12,758
ProShares	142	25,749	487	4,601	586	4,930
Van Eck	53	23,740	488	-3,824	214	914
Guggenheim	70	19,609	1,438	7,404	895	5,284
First Trust	77	17,165	1,704	8,982	1,193	6,440
Schwab	21	15,336	1,052	6,784	521	4,963
PIMCO	20	13,557	37	4,454	-42	4,624
ALPS	13	8,285	432	3,533	296	2,876
Direxion Shares	52	6,562	-178	624	-261	1,084
Northern Trust FlexShares	14	6,416	382	4,122	249	4,080
ETF Securities	7	3,227	-38	-845	-79	-215
United States Commodities Funds	12	2,476	-19	-663	58	-690
Global X Management	35	2,450	196	961	145	1,138
Emerging Global Shares	24	1,546	72	453	36	463
AdvisorShares	18	987	25	376	18	413
IndexIQ	11	856	41	276	27	261
RevenueShares	7	623	57	201	35	70
DB ETFs	15	578	70	438	58	402
Fidelity Funds	11	464	212	290	202	229
Exchange-Traded Concepts	7	360	42	254	35	240
GreenHaven	1	348	-7	-127	-3	-83
Cambria	1	152	27	152	21	139
Precidian	1	131	-3	-69	-	-86
Pyxis Capital	1	114	5	82	4	82
ArrowShares	1	80	3	53	-	53
Teucrium Trading LLC	7	71	-2	12	-0	28
VelocityShares	6	60	18	60	17	58
Pax ETFs	1	46	4	21	3	15
Columbia	5	30	3	5	2	1
Huntington Strategy Shares	2	29	0	13	-1	8
Renaissance Capital	1	28	28	28	29	29
FactorShares	5	9	-0	-5	-	1
Russell	1	9	0	6	-	4
Rydex Funds	1	8	0	8	-	8
QuantShares	4	8	0	-20	-	-19
LocalShares	1	6	0	6	-	6
Total	**1,323**	**1,618,449**	**74,808**	**285,910**	**25,816**	**150,546**

Total ETF Assets

$1.6 Trillion

ETF assets. In October, total assets in US-listed ETFs increased by 4.8% or $74.8 billion to $1.62 trillion.

ETF net flows. ETF flows up in October with a total net inflow of $25.8 billion. The largest inflows went to Global Region/ Country funds with an increase of $9.5 billion.

Product-related news.
The number of ETFs rose by 27 in October with 27 new funds launched.

The net flow numbers by ETF sponsor is an approximate calculation based on outstanding shares and NAV available on Bloomberg. Δ represents change.

Most Inflows in October by Investment Objective

Gbl Region/Country

▲ $9.5 Billion

Most Outflows in October by Investment Objective

Fixed Income

▼ $2.4 Billion

ETF Assets and Net Flows by Investment Objective (Ranked by October Net Flows)

		Assets - $Mil.			Net Flows - $Mil.	
	# ETFs	**10/31/13**	**Oct. Δ**	**YTD Δ**	**Oct. '13**	**YTD**
Global Region/Country	216	315,973	21,184	44,616	9,454	29,032
U.S. Mkt. Cap	48	335,038	21,757	90,974	8,647	29,691
U.S. Sector/Industry	173	185,289	10,087	56,655	3,613	30,160
U.S. Broad	41	127,137	7,813	39,593	2,601	16,537
Global Specialty/Industry	178	49,360	3,345	7,512	2,229	10,219
Dividend	64	94,412	4,838	35,878	1,271	23,706
U.S. Style	74	142,441	6,698	42,692	1,252	15,437
U.S. Specialty	57	9,009	986	5,758	724	4,668
Currency	17	3,495	375	-54	377	65
Leveraged/Inverse	198	33,310	306	5,350	317	6,197
Commodity	40	68,054	-2,371	-44,869	-2,317	-25,377
Fixed Income	217	254,930	-210	1,805	-2,353	10,211
Total	**1,323**	**1,618,449**	**74,808**	**285,910**	**25,816**	**150,546**

Δ represents change.

Net flows by investment objective. Global region/country products saw the largest amount of inflows in October bringing in $9.5 billion, followed by US market-cap funds with inflows of $8.6 billion. Fixed-income products saw the largest outflows in October with a decrease of $2.4 billion; followed by commodity funds decreasing $2.3 billion.

ETF with Highest Net Inflows in October

SPY

SPDR® S&P 500 ETF

▲ $4.8 Billion

ETF with Highest Net Outflows in October

IEI

iShares Barclays 3-7 Year Treasury Bond

▼ $2.8 Billion

10 Products with Highest Net Inflows in October ($M)

Ticker	Name	Flows	Ending AUM
SPY	SPDR S&P 500 ETF	4,772	157,230
IJH	iShares Core S&P Mid-Cap ETF	2,957	21,285
EFA	iShares MSCI EAFE	1,400	48,486
VGK	Vanguard MSCI European ETF	1,332	12,061
MVV	ProShares Ultra MidCap400	1,332	1,534
QQQ	PowerShares QQQ	1,295	41,430
EEM	iShares MSCI Emerging Markets	1,293	44,740
MDY	Midcap SPDR Trust Series 1	1,261	16,224
VTI	Vanguard Total Stock Market	1,116	36,531
XLP	Consumer Staples Select Sector SPDR	1,068	6,664

10 Products with Highest Net Outflows in October ($M)

Ticker	Name	Flows	Ending AUM
IEI	iShares Barclays 3-7 Year Treasury Bond	-2,750	2,644
IWM	iShares Russell 2000	-1,692	26,911
GLD	SPDR Gold	-1,409	37,107
UST	ProShares Ultra 7-10 Year Treasury	-839	13
LQD	iShares iBoxx Investment Grade CorpBond	-796	16,655
VWO	Vanguard FTSE Emerging Markets ETF	-760	51,759
IDU	iShares Dow Jones US Utilities Sector	-625	668
SPLV	PowerShares S&P 500 Low Vol Portfolio	-499	3,941
BIL	SPDR Barclays Capital 1-3 Month T-Bill	-449	1,049
TLT	iShares Barclays 20+ Year Treasury Bond	-380	2,745

Major Market Performance Summary

Best Performance in October

MSCI India
8.4%

Worst Performance in October

Oil
-5.8%

Major Market Index Performance

	Oct. '13	YTD
US Broad Equity Indexes		
DJ Industrial Average	2.75%	18.63%
NASDAQ Composite Index	3.81%	20.74%
S&P 500	4.60%	25.30%
Dow Jones US Total Stock Market	4.25%	26.36%
Market Cap		
Russell 1000	4.40%	26.08%
Russell Midcap	3.53%	28.73%
Russell 2000	2.51%	30.90%
Growth and Value		
Russell 1000 Growth	4.42%	26.22%
Russell 1000 Value	4.38%	25.75%
Russell Mid Cap Growth	2.62%	28.71%
Russell Mid Cap Value	4.56%	28.55%
Russell 2000 Growth	1.82%	34.89%
Russell 2000 Value	3.25%	27.07%
US Sectors		
S&P Consumer Discretionary	4.65%	35.13%
S&P Consumer Staples	6.36%	23.46%
S&P Energy	4.16%	20.23%
S&P Financials	3.27%	26.95%
S&P Health Care	4.31%	33.99%
S&P Industrials	5.13%	30.27%
S&P Information Technology	4.60%	18.61%
S&P Materials	4.22%	18.29%
S&P Telecommunications Services	8.53%	14.70%
S&P Utilities	3.83%	14.35%

	Oct. '13	YTD
International Equity Markets		
MSCI AC World	4.04%	19.56%
MSCI EAFE	3.36%	20.05%
MSCI EM (Emerging Markets)	4.86%	0.29%
MSCI Europe	4.29%	21.72%
MSCI EM Latin America	4.80%	-6.87%
MSCI AC Asia Pacific	4.68%	6.06%
MSCI FM Frontier Markets	2.42%	16.86%
MSCI China	2.51%	2.35%
MSCI India	8.39%	6.50%
MSCI World ex USA	3.67%	14.08%
MSCI Japan	0.00%	24.31%
Commodity Markets		
CRB Commodity Index	-2.68%	-5.77%
Oil	-5.81%	4.97%
Gold	-0.44%	-21.03%
Fixed Income Markets		
10-Year Treasury	0.84%	-4.72%
Long Term Treasury (10+ Yrs)	1.33%	-8.52%
High Yield Corp	2.46%	6.34%
US High Grade Corporate	1.50%	-0.99%
Municipal Bonds	0.94%	-2.33%
USD Emg Market Sovereign Plus	2.70%	-4.27%
US TIPS	0.63%	-6.77%
Developed Mkt Gov't Bonds	0.66%	-5.46%
Currencies		
EU euro (vs. USD)	0.42%	2.96%
Japanese yen (vs. USD)	-0.13%	-11.82%
UK sterling (vs. USD)	-0.90%	-1.32%

US equities rose 4.6% in October. All style segments of the US markets were up, most notably the Russell Midcap® Value, up by 4.6%.

All US sectors were up with telecom up the most and increasing by 8.5%. Financials increased the least and were up by 3.3% in October.

Commodities were down overall in October with gold dropping the least and falling by 0.44%.

Fixed income was up across the board in October. Emerging market sovereign bonds was the top performing fixed-income class increasing by 2.7%. US TIPS were the worst performing group; up 0.6%.

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

PowerShares ETFs

October 2013

PowerShares ETF with Highest Net Inflows in October

QQQ

PowerShares QQQ

▲ $1.3 Billion

PowerShares ETF with Highest Net Outflows in October

SPLV

PowerShares S&P 500 Low Volatility Portfolio

▼ $499 Million

10 PowerShares ETFs with Highest Net Inflows in October ($M)

Ticker	Name	Flows	Ending AUM
QQQ	PS QQQ	1,295	41,430
PKW	PS Buyback Achievers Portfolio	295	2,001
BKLN	PS Senior Loan Portfolio	233	6,065
PCY	PS Emg Markets Sovereign Debt Portfolio	99	2,008
PIZ	PS DWA Dev Mkts Momentum Portfolio	63	500
PRF	PS FTSE RAFI US 1000 Portfolio	55	2,500
PDP	PS DWA Momentum Portfolio	46	1,042
PBE	PS Dynamic Biotech & Genome Portfolio	41	261
PNQI	PS NASDAQ Internet Portfolio	38	216
PRFZ	PS FTSE RAFI US 1500 Small-Mid Portfolio	37	814

10 PowerShares ETFs with Highest Net Outflows in October ($M)

Ticker	Name	Flows	Ending AUM
SPLV	PS S&P 500 Low Volatility Portfolio	-499	3,941
DBC	PS DB Commodity Index Tracking Fund	-332	6,131
PGX	PS Preferred Portfolio	-79	2,107
DBO	PS DB Oil Fund	-67	331
UUP	PS DB US Dollar Bullish Fund	-64	717
PZA	PS Insured Nat'l Municipal Bond Portfolio	-38	566
DBA	PS DB Agriculture Fund	-36	1,475
DBP	PS DB Precious Metals Fund	-18	227
PVI	PS VRDO Tax-Free Weekly Portfolio	-17	194
BAB	PS Build America Bond Portfolio	-17	684

Past 12 Months

PowerShares ETF with Highest Net Inflows in the Past 12 Months

BKLN

PowerShares Senior Loan Portfolio

▲ $4.9 Billion

PowerShares ETF with Highest Net Outflows in the Past 12 Months

PCY

PowerShares Emg Mkts Sov Debt Portfolio

▼ $538 Million

10 PowerShares ETFs with Highest Net Inflows in the Past 12 Mo. ($M)

Ticker	Name	Flows	Ending AUM
BKLN	PS Senior Loan Portfolio	4,902	6,065
QQQ	PS QQQ	2,401	41,430
PKW	PS Buyback Achievers Portfolio	1,587	2,001
SPLV	PS S&P 500 Low Volatility Portfolio	666	3,941
PRF	PS FTSE RAFI US 1000 Portfolio	600	2,500
DWAS	PS DWA SmallCap Momentum Portfolio	451	503
PIZ	PS DWA Dev Mkts Momentum Portfolio	366	500
SPHB	PS S&P 500 High Beta Portfolio	333	530
PJP	PS Dynamic Pharmaceuticals Portfolio	258	745
PXF	PS FTSE RAFI Dev Mkts ex-U.S. Portfolio	249	636

10 PowerShares ETFs with Highest Net Outflows in the Past 12 Mo. ($M)

Ticker	Name	Flows	Ending AUM
PCY	PS Emg Markets Sovereign Debt Portfolio	-538	2,008
DBO	PS DB Oil Fund	-448	331
BAB	PS Build America Bond Portfolio	-307	684
PZA	PS Insured Nat'l Municipal Bond Portfolio	-274	566
PHB	PS Fundamental High Yield Corporate Bond	-218	620
DGL	PS DB Gold Fund	-218	161
PVI	PS VRDO Tax-Free Weekly Portfolio	-124	194
UUP	PS DB US Dollar Bullish Fund	-120	717
DBV	PS DB G10 Currency Harvest Fund	-113	227
PGF	PS Financial Preferred Portfolio	-112	1,527

The PowerShares DB Funds are not mutual funds or any other type of Investment Company within the meaning of the Investment Company Act of 1940, as amended, and are not subject to regulation thereunder. Commodities and futures generally are volatile and are not suitable for all investors. Funds focusing on a single sector generally experience greater volatility. Please review the prospectus for break-even figures for the funds. To download a copy of each PowerShares DB fund's prospectus, please visit invescopowershares.com/prospectus.

ETF Strategist Interview:
Curian Capital LLC

1. What is your investment strategy/philosophy? What is the value add from your investment process?

Curian serves the independent advisor community through a diversified set of investment strategies designed for a broad range of investor objectives and expectations. Our goal is to help advisors offer the investment strategy best suited for an individual, such that they remain committed to that strategy over the long term. Philosophically, we believe that sticking with a well-designed portfolio is key in meeting long-term goals, rather than reacting to fluctuating market environments and short-term performance experienced by constantly changing investment strategies.

Individual investor expectations are addressed through a diligent portfolio construction process, offering portfolios designed for: relative performance, total return, income generation, tactical adjustments, risk control, inflation sensitivity and capital preservation. Additional customization is possible in most cases to facilitate an even closer match to investor objectives including: modified allocations, asset class inclusion/exclusion, specified security exclusions, social priority investing and tax harvesting. Curian's diverse offering of customizable strategies provides a more precise fit to individual objectives. The precision of that fit serves to increase the probability the investor will commit to their investment strategy over the long term, and likewise, the probability of meeting long-term goals.

2. What makes Curian unique?

First and foremost, Curian is committed to helping financial professionals provide investors with the best investment advice, solutions and service possible. What makes Curian truly unique is not only providing access to institutional-quality unified management account (UMA) portfolios previously only available to investors with very high net worth, but offering portfolio customization and fractionalization of securities to empower investors, financial professionals and institutions to work toward their financial goals.

Curian also draws on robust internal and external resources for managing portfolios including a broad array of money managers and investment vehicles. The diligence applied to manager selection, manager oversight and portfolio optimization draws upon the same techniques, tools and research partners utilized for the industry's largest institutional portfolios. Curian's Asset Management Group includes seasoned investment professionals with decades of individual experience in money manager diligence, institutional consulting, equity/fixed-income/alternatives portfolio management, portfolio strategy and economics.

Curian's managed account platform combines individual securities with mutual funds and ETFs in a managed account format, permitting an advisor to scale their business, leaving more time to meet with current and prospective investors. Independent advisors in particular, as business owners, value the scalability of customized asset management and account maintenance when managing their business.

3. Why do you use ETFs within your portfolios?

ETFs provide efficient and cost-effective exposures to asset classes in a liquid vehicle, permitting timely allocation adjustments required to navigate the ever-evolving capital markets.

4. How do you manage/hedge risk?

The degree of risk management is dependent on the investment strategy chosen for the investor. Curian offers strategies that include a very dynamic risk-managed investment process that is monitored daily, systematically allocating between a diversified portfolio and a lower-risk portfolio when market conditions dictate. It serves those investors seeking the confidence of a quantifiable target drawdown threshold, knowing their portfolio will react in periods of meaningful declines.

Curian also offers a number of tactical strategies that coordinate the potential for returns relative to the perceived levels of risk, tilting portfolio biases according to the market outlook. Market conditions are continually monitored with tactical allocation adjustments considered at least monthly.

Given the need for timely allocation shifts, ETFs play a key role in Curian risk-controlled and tactical strategies.

5. Which PowerShares ETFs have you used in your portfolios & why?

Curian offers a broad range of portfolios intended to meet unique investor objectives. In some of our tactical portfolios, as an example, the need to gain efficient access to commodities is facilitated through ETFs, some of which offer an added feature of targeting a more optimal contract targeting methodology. The same is true for desired exposure in currencies through ETFs where a systematic weighting of currencies is influenced by a country's overall government bond yields. The fixed-income market place is of particular focus for today's investors, given the end, in our view, of the secular decline in interest rates. To augment the ultra-low yields of investment-grade bonds, high-yield, emerging market bond and floating-rate ETFs are used to diversify the interest-rate risk, as well as enhance the yield potential of our ETF-based fixed-income portfolios.

PowerShares Global Products & Research Team
Lorraine Wang, CFA, *Global Head of ETF Products & Research*
John Feyerer, CFA, *VP, ETF Product Management*
Jason Stoneberg, CFA, *Vice President of Research*
Graham Day, *Alternative Asset Product Strategist*
Joe Becker, *Sr. Fixed & Equity Income Product Strategist*
Nick Kalivas, *Sr. Equity Product Strategist*
Brad Smith, *Research Analyst*

How to Contact:
Invesco PowerShares
email info@invescopowershares.com *call* 800 983 0903
web invescopowershares.com *twitter* @PowerShares

Authors of *Connection*
Jason Stoneberg, CFA, *Vice President of Research*
Nick Kalivas, *Sr. Equity Product Strategist*

Important Risk Information For All Funds

There are risks involved with investing in ETFs including possible loss of money. Index-based ETFs are not actively managed. Actively managed ETFs do not necessarily seek to replicate the performance of a specified index. Both index-based and actively managed ETFs are subject to risks similar to stocks, including those related to short selling and margin maintenance. Ordinary brokerage commissions apply.

There is no assurance that the products listed in this material will achieve their investment objectives. Please be aware that the products listed are subject to various risks which depending upon the product may include risks such as value investing, sector, interest rate, fixed-income investing, commodities and futures, and foreign and emerging markets. For further description on the relative risks for each product please obtain the appropriate prospectus by visiting invescopowershares.com/prospectus.

Diversification does not guarantee a profit or eliminate the risk of loss.

Risk Information for DWAS and PDP

Investing in securities of small capitalization companies may involve greater risk than is customarily associated with investing in large companies.

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

The Funds are considered non-diversified and may be subject to greater risks than a diversified fund.

The opinions expressed are those of the author, are based on current market conditions as of the date of this report and are subject to change without notice. These opinions may differ from those of other Invesco investment professionals.

Opinions expressed are of Curian Capital, LLC and are not necessarily that of Invesco PowerShares, Invesco Distributors, Inc. or Invesco Ltd. Invesco Ltd. and its subsidiaries offer no guarantees or warranties as to the accuracy and reliability of opinions expressed, and cannot guarantee similar experiences. Invesco PowerShares is not affiliated with Curian Capital, LLC.

ALPS Distributors, Inc. is a distributor/marketing agent for PowerShares QQQ, a unit investment trust, PowerShares BLDRs, unit investment trusts, PowerShares DB funds, ALPS ETFs, ETF Securities, Emerging Global Shares, Columbia, GreenHaven, IndexIQ, Select Sector SPDR, SPDR, WisdomTree, SPDR DJIA Trust, a unit investment trust, Midcap SPDR Trust Series I, a unit investment trust, PAX ETFs, Russell ETFs, TDX Independence ETFs, US Commodities Funds and the BNP Paribas STREAM ETFs.

The GreenHaven Continuous Commodity Index Fund, The ETFS Silver Trust, ETFS Gold Trust, ETFS Platinum Trust and ETFS Palladium Trust are not a mutual fund or any other type of Investment Company within the meaning of the Investment Company Act of 1940, as amended, and are not subject to regulation there under.

DB Commodity Services LLC serves as the managing owner of the PowerShares DB Funds. Certain marketing services may be provided for these funds by Invesco Distributors, Inc. or its affiliate, Invesco PowerShares Capital Management LLC. This material was prepared by Invesco PowerShares Capital Management LLC. Invesco Distributors, Inc. is compensated by Deutsche Bank or its affiliates for providing these marketing services. Invesco PowerShares Capital Management LLC, Deutsche Bank and ALPS Distributors, Inc. are not affiliates.

All other products mentioned are not distributed by Invesco Distributors, Inc. nor ALPS Distributors,Inc. ALPS Distributors,Inc. is not affiliated with Invesco PowerShares.

Invesco Distributors, Inc. is the distributor of the PowerShares Exchange-Traded Trust, PowerShares Exchange-Traded Trust II, PowerShares India Exchange-Traded Trust and the PowerShares Actively Managed Exchange-Traded Fund Trust.

PowerShares® is a registered trademark of Invesco PowerShares Capital Management LLC (Invesco PowerShares). Invesco PowerShares Capital Management LLC and Invesco Distributors, Inc. are indirect, wholly owned subsidiaries of Invesco Ltd.

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.

Please note: If you print this report you must also print the appropriate prospectus.

DB Funds: An investor should consider the Funds' investment objectives, risks, charges and expenses carefully before investing. For a copy of the prospectus which contains this and other information about the Funds, call 800 983 0903 or to download a copy of each PowerShares DB prospectus please click the following link: invescopowershares.com/prospectus. Please read the prospectus carefully before investing.

To obtain a copy of the SPDR S&P 500 ETF, Midcap SPDR ETF or a Select Sector SPDR ETF, please call 1 800 843 2639; To obtain a copy of the SPDR DJIA Trust, a unit investment trust, please call 866 787 2257; To obtain a copy of an ALPS ETF prospectus, please visit www.alpsetfs.com; To obtain a copy of the Emerging Global Shares prospectus, please call 888 800 4EGS (4347); To obtain a copy of the Columbia prospectus, please call 415 677 5870; To obtain a copy of the IndexIQ prospectus, please call 888 934 0777; To obtain a copy of the WisdomTree prospectus, please call 866-909-WISE; To obtain a copy of the GreenHaven prospectus, please click the following link: http://www.greenhavenfunds.com/pdfs/prospectus.pdf; To obtain a copy of the ETF Securities prospectus, please click the following link: http://etfsecurities.com/us/document/etfs_document.asp; and to obtain a copy of the Russell ETFs prospectus, please click the following link: http://www.russelletfs.com. To obtain a copy of the EGS Shares prospectus, please call 800 767 1729 and to obtain a copy of the TDX Independence prospectus, please call 877 369 4617. To obtain a copy of the BNP Paribas prospectus, please click the following link: http://stream.bnpparibas.com and to receive a copy of the US Commodities Funds prospectus, please click: http://www.unitedstatescommodityfunds.com.

An investor should consider the Funds' investment objectives, risks, charges and expenses carefully before investing. For this and more complete information about the Funds, call 800 983 0903 or visit invescopowershares.com for a prospectus. Please read the prospectus carefully before investing.

Note: Not all products available through all firms.