

powerSHARES®

Xchange Traded funds™

Leading the Intelligent ETF Revolution™



Identifying Technical Leaders™ through Relative Strength

PowerShares **DWA**
Technical Leaders™ Portfolio

One of the best indications of the future course of a group or a stock is its relative strength when the rest of the market is weak, or its relative weakness in a strong market.

Richard Wyckoff¹

Technical Leaders >>> Relative Strength

▼ Technical Leaders Definition

- ▶ Technical Leaders are companies that possess strong relative strength characteristics compared to their benchmark over time.

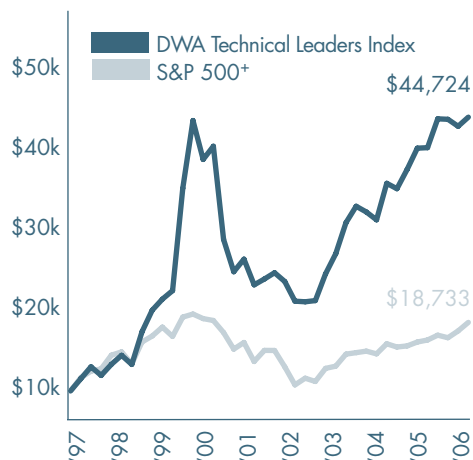
▼ Benefits

- ▶ Exposure to a technically indexed portfolio
- ▶ Provides a turnkey solution for a high relative strength portfolio
- ▶ Fully transparent
- ▶ Based on a robust and adaptive methodology
- ▶ Adaptive to changing market conditions

▼ Annual Performance Data (%)

	DWA Technical Leaders Index	S&P 500 ⁺
1997	19.62	28.17
1998	46.21	26.67
1999	104.04	19.53
2000	-18.13	-10.14
2001	-17.21	-13.04
2002	-11.93	-23.37
2003	47.05	26.30
2004	15.97	8.49
2005	12.44	3.00
2006	9.48	13.62

▼ Growth of \$10,000



The Power of Relative Strength

Relative strength analysis has been in existence through various forms for nearly 100 years, but Dorsey, Wright & Associates (DWA) believes it has refined this investment criteria, creating a robust tool for sector rotation, stock selection and portfolio management. This is accomplished by harnessing the power of a state-of-the-art Point & Figure charting methodology that identifies “technical leaders” within the marketplace.

Simply put, relative strength measures a stock’s performance in relation to its peers. According to DWA, relative strength improves upon the technical foundation of basic trend following because it relies on unbiased, unemotional and objective data, rather than biased forecasting and subjective research.

In addition, the Point & Figure methodology utilized by Dorsey, Wright is able to provide the investment knowledge necessary to identify both the strongest and weakest investment trends. This systematic approach to relative strength has allowed Dorsey, Wright to identify major market shifts like the technology move in the late 90s, and the energy, real estate, and basic materials moves over the past couple of years. As a result of this proprietary methodology, the Dorsey Wright Technical Leaders Index, on which the PowerShares DWA Technical Leaders Portfolio is based, provides favorable outperformance against its benchmark over the past ten years (see performance charts to the left).

Strength in Technical Analysis

DWA believes technical analysis, and specifically relative strength, can provide investors an intelligent platform for portfolio outperformance. While fundamentals answer the question of *what* to buy and sell, technicals answer the question of *when* to buy and sell. These are ultimately the two most important decisions in regards to portfolio performance.

DWA’s quarterly decision of *when* to buy or sell is dependent upon the results of multiple technical market indicators that are tracked via a state-of-the-art research system that analyzes the relative strength of over 3,000 individual stocks from various broad industry sectors and sub-sectors. The firm employs an experienced team of analysts, led by its two principals, Thomas J. Dorsey and Watson H. Wright, to interpret the charts and identify possible performance trends and sectors that may have moved in or out of favor.

¹ Stocks & Commodities Magazine, Practical Uses of Relative Strength (2005).

Past performance does not guarantee future results. The Index performance results are hypothetical and index returns do not represent Fund returns. An investor cannot invest directly in an index. The Index does not charge management fees or brokerage expenses, and no such fees or expenses were deducted from the hypothetical performance shown nor does the index 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 500 Index is an unmanaged index used as a measurement of change in stock market conditions based on the average performance of approximately 500 common stocks.

PDP

PowerShares DWA Technical Leaders™ Portfolio



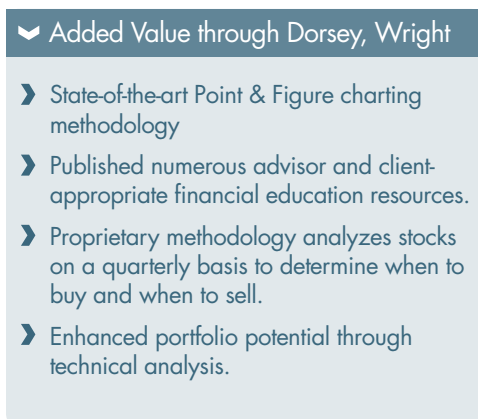
The PowerShares DWA Technical Leaders Portfolio (Symbol: PDP) includes approximately 100 U.S. companies that demonstrate powerful and timely relative strength characteristics based on the proprietary research methodology of Dorsey, Wright & Associates. A company's relative strength is measured based upon performance of the company as compared to a benchmark index, as well as other factors, such as market capitalization and industry sector.

DWA Technical Leaders™ Index Construction

Dorsey, Wright & Associates utilizes proprietary research to select constituents for the Technical Leaders Index. The Index includes NYSE, AMEX and Nasdaq companies that demonstrate powerful relative strength characteristics. DWA proprietary methodology takes into account, among other factors, the performance of each of the 3,000 companies in the eligible universe as compared to a benchmark index and the relative performance of industry sectors and sub-sectors. Approximately 100 of these stocks are selected for inclusion in the Technical Leaders Index.

The modified equally weighted index is rebalanced and reconstituted quarterly.

Dorsey Wright & Associates >> Point & Figure Analysis



Dorsey, Wright & Associates

Founded in 1987, Dorsey, Wright & Associates is an independent and privately owned registered investment advisor that supplies its clients with state of the art investment research and tools that are vital to the creation of a quantitatively derived enhanced index. In addition, DWA has published numerous books on the Point & Figure methodology, trading strategies and navigating financial markets.

DWA research is conducted along technical lines, adhering to the relationship between supply and demand. DWA believes this simple but accurate economic theory is manifested as a constant battle between these two forces for control of the equity vehicle. It is this objective, logical approach which helps reduce uncertainty in the market.

PowerShares >> Leading the Intelligent Way

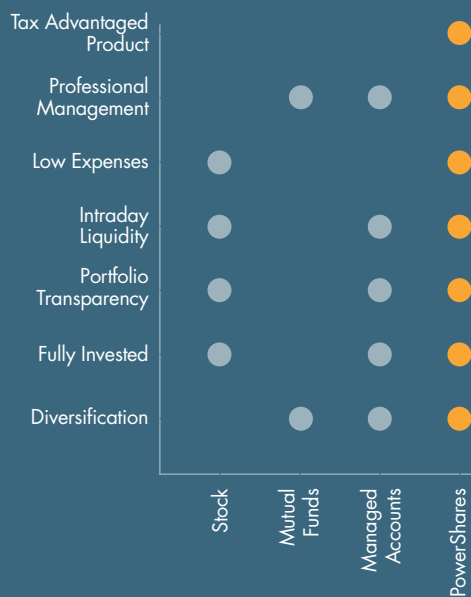
PowerShares Capital Management LLC is the sponsor and advisor of the PowerShares family of exchange-traded funds. PowerShares is “Leading the Intelligent ETF Revolution,” providing investment advisors with institutional caliber asset management by seeking to replicate enhanced indexes in one of the more benefit rich investment vehicles available in the marketplace today, the exchange-traded fund. The PowerShares family of funds currently includes funds representing Broad Market, Style, Industry/Sector, Dividend and International Funds.

Exchange-Traded Funds >> Benefits

PowerShares ETFs offer investors a low-cost, tax-efficient investment in a professionally crafted portfolio consisting of some of the best managed companies and most timely investments. See important risk factors below.

Benefits Comparison

PowerShares offer a combination of benefits offered by various investment options.



Key Benefits

Tax Advantaged Product Design

Taxes may be one of the most critical and overlooked factors in wealth creation over time. PowerShares’ ETF product structure allows shareholders to defer some or possibly all capital gains until they sell their shares.

Low Ownership Cost

ETFs provide lower ownership cost because of their efficient structure. PowerShares have established expense caps to make the cost of ownership clear and straightforward for investors. Ordinary brokerage commissions apply.

Flexibility, Transparency

PowerShares’ ETFs offer flexibility as shares can be bought and sold throughout the day through exchange trading. Fund holdings are disclosed every day. Options based on the funds are available, possibly increasing financial management opportunities for advisors and their clients.

Near Instant Liquidity, Trades at or Close to NAV

PowerShares may be bought and sold on the exchange at any time during market hours. Although shares are not individually redeemable directly from the fund itself, authorized participants may acquire shares and tender shares for redemption, through creation unit aggregations. ETFs are not closed-end funds and typically trade at or near net asset values. Visit the website www.powershares.com for a breakdown of the Fund’s frequency distribution of discounts and premiums.

www.powershares.com

Index performance does not represent Fund performance. An investor can not invest directly in an index.

There are risks involved with investing in ETFs including possible loss of money. The Fund is not actively managed and is subject to risk similar to stocks, including those related to short selling and margin maintenance. Shares are subject to risks including: Small and Medium-Sized Company Risk- investing in securities of small and medium-sized companies involves greater risk than is customarily associated with investing in more established companies.

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

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A I M Distributors, Inc. is the distributor of the PowerShares Exchange-Traded Fund Trust.

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 the website www.powershares.com for a prospectus. Please read the prospectus carefully before investing.

The information in the prospectus is not complete and may be changed. The portfolio may not sell its Shares until the registration statement filed with the Securities and Exchange Commission is effective. The prospectus is not an offer to sell the portfolio Shares, nor is the portfolio soliciting an offer to buy its Shares in any jurisdiction where the offer or sale is not permitted.

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