

# **Invesco PowerShares Capital Management, LLC**

## **Brochure**

3500 Lacey Road

Suite 700

Downers Grove, IL 60515

(Part 2A/B of Form ADV)

This brochure provides information about the qualifications and business practices of Invesco PowerShares Capital Management, LLC (“Invesco PowerShares”). If you have any questions about the contents of this brochure, please contact Deanna B. Marotz, Chief Compliance Officer of Invesco PowerShares at: (630) 868-7161 or by email at: [dmarotz@invescopowershares.com](mailto:dmarotz@invescopowershares.com). Additional information may be obtained from Invesco PowerShares website at [invescopowershares.com](http://invescopowershares.com)

The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”), or by any state securities authority.

Additional information about Invesco PowerShares is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

March 20, 2014

# Table of Contents

<b>Material Changes.....</b>	<b>4</b>
Material Changes since the Last Update .....	4
Full Brochure Available .....	4
<b>Advisory Business .....</b>	<b>4</b>
Firm Description.....	4
Principal Owners.....	5
Types of Advisory Services.....	5
Types of Agreements.....	5
<b>Fees and Compensation.....</b>	<b>5</b>
Description.....	5
Fee Billing .....	6
Other Fees.....	6
<b>Performance-Based Fees .....</b>	<b>6</b>
<b>Types of Clients.....</b>	<b>6</b>
Description.....	6
Account Minimums.....	6
<b>Methods of Analysis, Investment Strategies and Risk of Loss.....</b>	<b>7</b>
Methods of Analysis.....	7
Investment Strategies .....	7
Risk of Loss .....	7
<b>Disciplinary Information .....</b>	<b>11</b>
Legal and Disciplinary.....	11
<b>Other Financial Industry Activities and Affiliations .....</b>	<b>11</b>
Financial Industry Activities.....	11
Affiliations .....	11
<b>Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.....</b>	<b>11</b>
Code of Ethics.....	11
Participation or Interest in Client Transactions.....	12
Personal Trading.....	12

<b>Brokerage Practices.....</b>	<b>12</b>
Selecting Brokerage Firms.....	12
Best Execution.....	13
Soft Dollars .....	13
Order Aggregation .....	13
<b>Review of Accounts .....</b>	<b>13</b>
Periodic Reviews .....	13
Review Triggers.....	14
Regular Reports.....	14
<b>Client Referrals and Other Compensation .....</b>	<b>14</b>
Incoming Referrals.....	14
Referrals .....	14
Other Compensation.....	14
<b>Custody.....</b>	<b>14</b>
Account Statements.....	14
Performance Reports.....	14
Net Worth Statements.....	14
<b>Investment Discretion.....</b>	<b>14</b>
Discretionary Authority for Trading.....	14
Limited Power of Attorney.....	14
<b>Voting Client Securities .....</b>	<b>14</b>
Proxy Voting.....	14
<b>Financial Information .....</b>	<b>15</b>
Financial Condition .....	15
<b>Business Continuity Plan .....</b>	<b>15</b>
General .....	15
Disasters.....	15
Alternate Offices .....	15
<b>Information Security Program.....</b>	<b>15</b>
Information Security .....	15
Privacy Notice .....	16
<b>Brochure Supplement (Part 2B of Form ADV) .....</b>	<b>17</b>
Education and Business Standards .....	17
Investment Professionals.....	17

## **Material Changes**

### **Material Changes since the Last Update**

The document is the annual update to the Invesco PowerShares' ADV Part II A/B.

### **Full Brochure Available**

If you would like to receive a complete copy of our Firm Brochure, please contact Deanna B. Marotz, Chief Compliance Officer ("CCO") of Invesco PowerShares Capital Management LLC by telephone at: (630) 868-7161 or by email at: [dmarotz@powershares.com](mailto:dmarotz@powershares.com)

## **Advisory Business**

### **Firm Description**

Invesco PowerShares Capital Management LLC ("Invesco PowerShares," the "Adviser," or sometimes referred to as "we" or "us" throughout this document) was founded in 2003.

Invesco PowerShares is the investment adviser to the exchange-traded funds ("ETFs" or "Funds") organized as series of the PowerShares Exchange-Traded Fund Trust, PowerShares Exchange-Traded Fund Trust II, PowerShares India Exchange-Traded Fund Trust and the PowerShares Actively Managed Exchange-Traded Fund Trust (each a "Trust" and collectively the "Trusts").

For the Funds organized as a series of the PowerShares Exchange-Traded Fund Trust, PowerShares Exchange-Traded Fund Trust II and the PowerShares India Exchange-Traded Fund Trust, the Adviser attempts to replicate, before fees and expenses, the price and yield of a third-party index ("Underlying Index"). These ETFs may be referred to as "Index-based ETFs." ETFs organized under the PowerShares Actively Managed Exchange-Traded Fund Trust may be managed by Invesco PowerShares or an affiliated sub-adviser and do not attempt to replicate an Underlying Index.

In addition, Invesco PowerShares provides portfolio management and certain portfolio operations support ("sub-advisory services") to three affiliates, Invesco Asset Management Ireland Holdings Limited ("IAMIH"), Invesco Canada Ltd ("Invesco Canada") and Invesco Advisers, Inc. ("IAI").

For its services as investment adviser to the Trusts, Invesco PowerShares receives a management fee pursuant to Investment Advisory Agreements between the Adviser and the Trusts, subject to review by the applicable Board of Trustees annually. Invesco PowerShares does not charge any performance-based fees. The Adviser does not sell annuities, insurance, stocks, bonds, limited partnerships, or other commissioned products. The Adviser does not accept finder's fees for client referrals.

## **Principal Owners**

Invesco PowerShares is an indirect wholly owned subsidiary of Invesco Ltd., (“Invesco”). In May 2007 AMVESCAP, PLC changed its name to INVESCO PLC. INVESCO PLC ultimately changed its name to Invesco Holding Company Ltd. On December 4, 2007, Invesco Ltd, the parent of Invesco Holding Company Ltd., transferred its primary listing to the NYSE from the London Stock Exchange. At the same time Invesco Ltd. changed its domicile to Bermuda.

## **Types of Advisory Services**

Invesco PowerShares provides investment advisory services to the Trusts. In addition, Invesco PowerShares provides portfolio management and certain portfolio operations support to IAMIHL, Invesco Canada, and IAI.

As of December 31, 2013, Invesco PowerShares managed \$42,175,513,410 in assets for 115 exchange-traded funds in the Trusts. Invesco PowerShares provided portfolio management for 19 accounts for IAMIHL with aggregate assets under management of \$1,770,846,297. Invesco PowerShares provided portfolio management for 14 accounts with Invesco Canada and aggregate assets under management of \$1,623,225,356. As of December 31, 2013 Invesco PowerShares also provided management for the preferred portion of the Invesco Premium Income Fund with assets under management of \$70,023,920.

## **Types of Agreements**

Invesco PowerShares Investment Advisory Agreements with the Trusts are subject to annual review and approval by the non-interested members of each Trust’s Board of Trustees. In addition, Invesco PowerShares has sub-advisory agreements with IAMIHL, Invesco Canada and IAI. As of December 31, 2013, the Trusts together had 115 Funds, 101 of which are listed on the NYSE Arca and 14 of which are listed on the Nasdaq®.

## **Fees and Compensation**

### **Description**

Invesco PowerShares receives fees from each of the Funds for the investment advisory services Invesco PowerShares provides to the Funds. Except as further described in this paragraph for two specific Funds, under the PowerShares Exchange-Traded Fund Trust the advisory fees are expressed as a management fee and are based on a fraction of a percent of assets under management. Invesco PowerShares has agreed to cap the total amount of certain expenses of each fund. For two of the Funds under this Trust, Invesco PowerShares charges the Funds a set unitary fee, based on a fraction of a percent of assets under management.

For the PowerShares Exchange-Trade Fund Trust II, the PowerShares India Exchange-Trade Fund Trust and the PowerShares Actively Managed Exchange-Traded Fund Trust, Invesco PowerShares charges the Funds a set unitary fee, based upon a fraction of a percent of assets under management.

Pursuant to the Investment Advisory Agreement, Invesco PowerShares under the unitary fee structure, is responsible for all expenses of the applicable Funds, including the cost of transfer agency, custody, fund administration, legal, audit and other services, except for distribution fees, if any, brokerage expenses, taxes, interest, litigation expenses and other extraordinary expenses.

For the sub-advisory services it provides to its affiliates, please see below:

IAMIHL: Invesco PowerShares receives 40% of the net advisor fee (calculated net of operating costs);

IAI: Invesco PowerShares receives 40% of the net advisor fee (calculated on the assets under management of the sleeve sub-advised by the Adviser);

Invesco Canada: Invesco PowerShares receives 40% of the net advisor fee (calculated net of operating costs and net of the advisory fees charged by the underlying funds).

### **Fee Billing**

Invesco PowerShares does not bill the Funds. The Annual Fund Operating Expenses, expenses that are paid as a percentage of assets, are deducted from the Fund's total assets on a daily basis.

### **Other Fees**

Custodians charge transaction fees on purchases or sales of certain securities. These fees are charged to the Authorized Participants (APs) and are not deducted from the costs of the Funds.

## **Performance-Based Fees**

Invesco PowerShares does not charge a performance-based fee.

## **Types of Clients**

### **Description**

Invesco PowerShares is the investment adviser to the Funds organized under the Trusts, provides certain portfolio management support to affiliates, IAMIHL, Invesco Canada, and IAI.

### **Account Minimums**

Invesco PowerShares does not maintain client accounts. ETF shares are not individually redeemable and owners of the shares may acquire those shares from a Fund and tender those shares for redemption to the Fund in Creation Unit aggregations only, typically consisting of 50,000 shares through an AP.

# Methods of Analysis, Investment Strategies and Risk of Loss

## Methods of Analysis

For our index-based ETFs, the Adviser attempts to replicate, before fees and expenses, the price and yield of an Underlying Index. Some of the Funds may not be able to purchase all of the securities in the Underlying Index. Instead the Funds may utilize a representative “sampling” methodology in seeking to achieve their investment objective. Methods of security analysis employed in the sampling process may include charting, fundamental analysis, technical analysis, and credit analysis.

Additionally, the Funds organized under the Active Trust are actively managed by Invesco PowerShares or an affiliated sub-adviser. Methods of security analysis employed may include proprietary stock screening, charting, fundamental analysis, technical analysis, and credit analysis.

The Funds organized under the Active Trust do not seek to replicate an Underlying Index but may use quantitative-rules based investment strategy designed to provide returns that correspond to the performance of an index. The Funds in the Active Trust seek a stated investment objective as described in each Fund’s prospectus. Each Fund under the Active Trust invests primarily in the following securities (as applicable to their respective investment objectives): securities of companies that are principally engaged in the U. S. real estate industry, China A-Share Futures, and the S&P 500 Index constituents and Volatility Index Futures.

## Investment Strategies

The primary investment strategy for all the Funds organized under the Trusts is stated in each Fund’s registration statement. Each Fund’s prospectus may be viewed at [invescopowershares.com](http://invescopowershares.com) or obtained for free by calling 800.983.0903.

## Risk of Loss

**All of our Funds have certain risks. Investors should carefully consider a Fund’s investment objective, risks, charges and expenses carefully before investing. Please see an individual Fund’s prospectus for more complete information, which may be obtained on [invescopowershares.com](http://invescopowershares.com). Only a Fund’s prospectus should be relied upon for a full explanation of all the risks associated with investing in a Fund. Broad risks generally faced by investors may be:**

- **Equity Risk:** Equity risk is the risk that the value of equity securities, including common stocks, may fall due to both changes in general economic conditions that impact the market as a whole, as well as

factors that directly relate to a specific company or its industry. Such general economic conditions include changes in interest rates, periods of market turbulence or instability, or general and prolonged periods of economic decline and cyclical change. It is possible that a drop in the stock market may depress the price of most or all of the common stocks that the Fund holds. In addition, equity risk includes the risk that investor sentiment toward particular industries will become negative. The value of a company's common stock may fall solely because of factors, such as an increase in production costs, that negatively impact other companies in the same region, industry or sector of the market. A company's common stock also may decline significantly in price over a short period of time due to factors specific to that company, including decisions made by its management or lower demand for the company's products or services. For example, an adverse event, such as an unfavorable earnings report or the failure to make anticipated dividend payments, may depress the value of common stock.

- **Fixed Income Risk:** A Fund may invest in fixed-income securities, which are subject to interest rate risk and credit risk. Interest rate risk refers to fluctuations in the value of a fixed-income security resulting from changes in the general level of interest rates. When the general level of interest rates goes up, the prices of most fixed-income securities go down. When the general level of interest rates goes down, the prices of most fixed-income securities go up. Fixed-income securities with longer maturities typically are more sensitive to changes in interest rates, making them more volatile than securities with shorter maturities. Credit risk refers to the possibility that the issuer of a security will be unable and/or unwilling to make timely interest payments and/or repay the principal on its debt. Debt instruments are subject to varying degrees of credit risk, which may be reflected in credit ratings. There is a possibility that the credit rating of a fixed-income security may be downgraded after purchase, which may adversely affect the value of the security. Securities issued by the U.S. Government are subject to limited credit risk; however, securities issued by U.S. Government agencies are not necessarily backed by the full faith and credit of the U.S. Government.
- **Management Risk:** A Fund that is actively managed is subject to management risk because it is an actively managed portfolio. In managing a Fund's portfolio securities, the Sub-Adviser applies investment techniques and risk analyses in making investment decisions for a Fund, but there can be no guarantee that these actions will produce the desired results.
- **Industry Concentration Risk:** In following its methodology, an Underlying Index from time to time may be concentrated to a significant degree in securities of issuers located in a single industry or sector. To the extent that an Underlying Index concentrates in the



securities of issuers in a particular industry or sector, a Fund will also concentrate its investments to approximately the same extent. By concentrating its investments in an industry or sector, a Fund faces more risks than if it were diversified broadly over numerous industries or sectors. Such industry-based risks, any of which may adversely affect the companies in which a Fund invests, may include, but are not limited to, the following: general economic conditions or cyclical market patterns that could negatively affect supply and demand in a particular industry; competition for resources, adverse labor relations, political or world events; obsolescence of technologies; and increased competition or new product introductions that may affect the profitability or viability of companies in an industry. In addition, at times, such industry or sector may be out of favor and underperform other industries or sectors or the market as a whole.

- **Currency Risk:** A Fund may invest in non-U.S. dollar denominated equity securities of foreign issuers. Because a Fund's net asset value ("NAV") is determined in U.S. dollars, a Fund's NAV could decline if the currency of the non-U.S. market in which a Fund invests depreciates against the U.S. dollar, even if the value of a Fund's holdings, measured in the foreign currency, increases.
- **Foreign Investment Risk:** Investments in the securities of non-U.S. issuers involve risks beyond those associated with investments in U.S. securities. Foreign securities may have relatively low market liquidity, greater market volatility, decreased publicly available information and less reliable financial information about issuers, and inconsistent and potentially less stringent accounting, auditing and financial reporting requirements and standards of practice comparable to those applicable to domestic issuers. Foreign securities also are subject to the risks of expropriation, nationalization, political instability or other adverse political or economic developments and the difficulty of enforcing obligations in other countries. Investments in foreign securities also may be subject to dividend withholding or confiscatory taxes, currency blockage and/or transfer restrictions and higher transactional costs. As the Fund will invest in securities denominated in foreign currencies, fluctuations in the value of the U.S. dollar relative to the values of other currencies may adversely affect investments in foreign securities and may negatively impact the Fund's returns.
- **Emerging Markets Securities Risk:** Investments in the securities of issuers in emerging market countries involve risks often not associated with investments in the securities of issuers in developed countries. Securities in emerging markets may be subject to greater price fluctuations than securities in more developed markets. Fluctuations in the value of the U.S. dollar relative to the values of other currencies may adversely affect investments in emerging market securities, and emerging market securities may have relatively low market liquidity,

decreased publicly available information about issuers, and inconsistent and potentially less stringent accounting, auditing and financial reporting requirements and standards of practice comparable to those applicable to domestic issuers. Emerging market securities also are subject to the risks of expropriation, nationalization or other adverse political or economic developments and the difficulty of enforcing obligations in other countries. Investments in emerging market securities also may be subject to dividend withholding or confiscatory taxes, currency blockage and/or transfer restrictions. Emerging markets are usually subject to greater market volatility, lower trading volume, political and economic instability, uncertainty regarding the existence of trading markets and more governmental limitations on foreign investment than are more developed markets. Securities law in many emerging market countries is relatively new and unsettled. Therefore, laws regarding foreign investment in emerging market securities, securities regulation, title to securities, and shareholder rights may change quickly and unpredictably. In addition, the enforcement of systems of taxation at federal, regional and local levels in emerging market countries may be inconsistent and subject to sudden change.

- **Index Risk:** Unlike many investment companies, many of the Funds do not utilize an investment strategy that seeks returns in excess of an Underlying Index. Therefore, it would not necessarily buy or sell a security unless that security is added or removed, respectively, from the Underlying Index, even if that security generally is underperforming.
- **Market Risk:** Securities held by a Fund are subject to market fluctuations caused by such factors as economic, political, regulatory or market developments, changes in interest rates and perceived trends in securities prices.
- **Market Trading Risk:** The Funds face numerous market trading risks, including the potential lack of an active market for the Shares, losses from trading in secondary markets, and disruption in the creation/redemption process of a Fund. Any of these factors may lead to the Shares trading at a premium or discount to a Fund's NAV.
- **Small and Medium Capitalization Company Risk:** Funds may invest in small and medium capitalization companies. Investing in securities of these companies involves greater risk than customarily is associated with investing in larger, more established companies. These companies' securities may be more volatile and less liquid than those of more established companies. These securities may have returns that vary, sometimes significantly, from the overall securities market. Often small and medium capitalization companies and the industries in

which they focus are still evolving and, as a result, they may be more sensitive to changing market conditions.

- **Non-Correlation Risk.** A Fund's return may not match the return of an Underlying Index for a number of reasons. For example, the fund incurs operating expenses not applicable to the Underlying Index, and incurs costs in buying and selling securities, especially when rebalancing a Fund's securities holdings to reflect changes in the composition of the Underlying Index. In addition, the performance of a Fund and the Underlying Index may vary due to asset valuation differences and differences between the Fund's portfolio and the Underlying Index resulting from legal restrictions, cost or liquidity constraints.
- **Non-Diversified Fund Risk:** Because certain Funds are non-diversified and can invest a greater portion of assets in securities of individual issuers than a diversified fund, changes in the market value of a single investment could cause greater fluctuations in share price than would occur in a diversified fund. This may increase certain Funds' volatility and cause the performance of a relatively small number of issuers to have a greater impact on a Fund's performance.

## **Disciplinary Information**

### **Legal and Disciplinary**

The Adviser and its employees have not been involved in legal or disciplinary events in the last 12-month period.

## **Other Financial Industry Activities and Affiliations**

### **Financial Industry Activities**

Invesco PowerShares is registered with the National Futures Association ("NFA") as a Commodity Pool Operator and a member of NFA.

### **Affiliations**

Invesco PowerShares is an indirect wholly owned subsidiary of Invesco Ltd. Invesco Ltd. wholly owns other SEC registered investment advisers, all of whom are disclosed through the Invesco PowerShares' ADV Part I.

## **Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

### **Code of Ethics**

The employees of Invesco PowerShares certify annually to a Code of Ethics and Code of Conduct that is available for review upon request.

## **Participation or Interest in Client Transactions**

Invesco PowerShares and its employees may buy or sell securities that are also held by clients. Employees may not trade their own securities ahead of client trades subject to the Code of Ethics. Employees comply with the provisions of the Invesco PowerShares Code of Ethics, and Code of Conduct, Insider Trading Policy and Pay to Play Policies.

## **Personal Trading**

All pre-clearance, reporting and certifications under the Code of Ethics by access persons of the Adviser are processed through an electronic records system. A team of compliance professionals manages Code of Ethics compliance. The Chief Compliance Officer meets with the manager of this team periodically to review reports and discuss enhancements to its practices.

## **Brokerage Practices**

### **Selecting Brokerage Firms**

The Adviser leverages the Invesco Ltd.'s Global Trading Desk ("Trading Desk") for agency trade execution of equity securities. If the purchase or sale of portfolio securities by more than one Fund occurs at or about the same time (as may be the case in an Underlying Index rebalance), the Trading Desk allocates transactions in such securities in a pro rata manner across all accounts at an average price and commission rate. If there is a partial or de minimis fill, a pro rata allocation would also apply.

In selecting and reviewing broker-dealers on behalf of the Trusts, the following factors are considered, where relevant: (i) price of the security; (ii) rate of commission; (iii) size and difficulty of the order; (iv) familiarity and experience with ETFs; (v) settlement and clearance efficiencies; (vi) reliability, integrity, general execution and operational capabilities by comparison; (vii) knowledge of and access to the markets for the securities being traded; (viii) ability to maintain confidentiality; and (ix) such other factors as the Adviser deems appropriate under the circumstances. Under the terms of a Trade Delegation Agreement, the Trading Desk has the ultimate responsibility for the broker-dealer selection and the Adviser will oversee the Trading Desk's performance under the Agreement.

The Adviser's Brokerage Committee ("Brokerage Committee") oversees and reviews documentation around brokerage decisions and from time-to-time approves new brokers for equity and fixed-income trades. Members of senior management comprise the Brokerage Committee and meet quarterly.

For Funds investing in fixed-income securities, a determination of best execution is harder to quantify since most securities are not executed through an exchange. When trading fixed income securities, portfolio managers take into account the price, yield, credit-rating, size and issuer. The process often includes soliciting bids from multiple brokers to ensure that the best possible

price is achieved. The Adviser's Brokerage Committee reviews on a quarterly basis the notional value of fixed income trades executed per broker.

### **Best Execution**

For all equity Funds, the Adviser currently has a set commission schedule which is \$0.01 for domestic equity trades, 0.04% for developed foreign equity security trades and, generally, 0.10% for emerging equities. The following factors are considered in seeking the most favorable price and execution: the order instruction, the price of the security, the size of the transaction in relation to the average volume, the nature of the market for the security, the timing of the transaction taking into account market prices and trends, the reputation, experience and financial stability of the broker and the quality of the services rendered by the broker in other transactions. As noted above, the Adviser uses the Trading Desk to route trades to the most efficient and liquid trading markets.

For Funds investing in fixed-income securities, a determination of best execution is harder to quantify since most securities are not executed through an exchange. When trading fixed income securities, portfolio managers take into account the price, yield, credit-rating, size and issuer. The process often includes soliciting bids from multiple brokers to ensure that the best possible price is achieved. The Adviser's Brokerage Committee reviews on a quarterly basis the notional value of fixed income trades executed per broker.

The Brokerage Committee meets quarterly to review reports and the factors noted previously are considered when assessing best execution and determining broker performance. Additionally, the Adviser executes a portion of its Underlying Index rebalance trades through the in-kind process. The Adviser monitors these trades for liquidity and price impact, though this is beyond the scope of the formal best execution analysis.

### **Soft Dollars**

The Adviser does not currently participate in any soft dollar transactions, commission recapture or directed brokerage for trades executed on behalf of the Trusts or any accounts to which it serves as a sub-adviser.

### **Order Aggregation**

If the purchase or sale of portfolio securities by more than one Fund occurs at or about the same time (as may be the case in an Underlying Index rebalance), the Adviser allocates transactions in such securities in a pro rata manner across all accounts at an average price and commission rate. If there is a partial or de minimis fill, a pro rata allocation would also apply.

## **Review of Accounts**

### **Periodic Reviews**

The Adviser's portfolio management team reviews the Funds on a daily basis.

**Review Triggers**

Each Fund is reviewed on a daily basis by the portfolio management team.

**Regular Reports**

Invesco PowerShares produces annual and semi-annual reports for each Fund based on the Fund's fiscal year end as required by the SEC Rules.

**Client Referrals and Other Compensation****Incoming Referrals**

Invesco PowerShares does not receive client referrals.

**Referrals**

Invesco PowerShares does not accept referral fees or any form of remuneration from other professionals.

**Other Compensation**

None.

**Custody****Account Statements**

Invesco PowerShares does not maintain shareholder accounts; therefore, Invesco PowerShares does not send out account statements.

**Performance Reports**

Invesco PowerShares maintains a public website which provides daily, monthly and quarterly performance information for each Fund.

**Net Worth Statements**

Invesco PowerShares does not maintain shareholder accounts; therefore, Invesco PowerShares does not send out net worth statements.

**Investment Discretion****Discretionary Authority for Trading**

Invesco PowerShares accepts discretionary authority to manage securities accounts on behalf of the all the accounts that it manages. Invesco PowerShares has the authority to determine the securities to be bought or sold, and the amount of the securities to be bought or sold. However, for Funds that seek to replicate an Underlying Index, the buying and selling of securities is done to replicate the Underlying Index.

**Limited Power of Attorney**

Invesco PowerShares does not have a limited power of attorney.

**Voting Client Securities****Proxy Voting**

Invesco PowerShares has proxy voting policies with respect to securities owned by the Funds for which it serves as investment adviser and accounts it

serves as sub-adviser and has the authority to vote proxies. Invesco PowerShares has retained Glass Lewis & Co. to provide in-depth proxy research and has retained Broadridge Financial Solutions, Inc. to provide vote execution and the recordkeeping services necessary for tracking proxy voting for the Funds. A copy of Invesco PowerShares' proxy voting policy is available upon request.

## **Financial Information**

### **Financial Condition**

Invesco PowerShares does not have any financial impairment that will preclude the Adviser from meeting its contractual commitments.

## **Business Continuity Plan**

### **General**

Invesco PowerShares has a Business Continuity Plan in place that provides detailed steps to mitigate and recover from the loss of office space, communications, services or key people.

### **Disasters**

The Adviser has a detailed disaster recovery plan applicable to its offices in Downers Grove, Illinois, and the process for retention, protection and recovery of data and other records of the Adviser. All data processing, networking and redundancy is housed and maintained through Invesco and is part of the disaster recovery plan. Business continuity is a standing department within Invesco and its personnel are dedicated full-time. The mission statement of the department is to establish a sound business continuity program by serving as business continuity consultants, to assist with the development of departmental business continuity plans, to provide education and training for each department's recovery team, to coordinate recovery exercises, and to ensure that the recovery facilities remain operational at all times.

### **Alternate Offices**

In the event of a disaster recovery, Invesco PowerShares staff would either work remotely from their homes or move to a third-party site.

## **Information Security Program**

### **Information Security**

The Adviser leverages Invesco's information security services to support the needs of the firms' business and ensure compliance with regulatory requirements. This includes implementation and maintenance of a comprehensive security program comprising policies, standards, and procedures designed to protect the confidentiality, integrity, and availability of customer information and records and other sensitive proprietary information.

**Privacy Notice**

Invesco PowerShares is committed to maintaining the confidentiality, integrity and security of information that is entrusted to us. We do not collect or maintain personal information about shareholders that may buy our Funds on a secondary exchange. We do however maintain certain information about Authorized Participants (institutional investors who take part in the creation of Fund shares). This information is kept confidential and is not sold or distributed to organizations outside of Invesco PowerShares or our affiliates except as permitted by law.



## Brochure Supplement (Part 2B of Form ADV) (as of March 20, 2014)

### Education and Business Standards

Invesco PowerShares requires its portfolio managers to have a college degree and prefers a graduate degree, CFA or other designation.

### Investment Professionals

Our portfolio management team is twelve members strong and has an average of 15 years of experience in the financial markets. Peter Hubbard, Director of Portfolio Management, leads the team and has three senior portfolio managers reporting to him. The three senior managers lead portfolio managers by product type (fixed income, international equities and US equities).

### Joshua Betts, CFA Charterholder

#### Educational Background:

- Year of Birth: 1976
- Moody Bible Institute (2003) Master of Divinity; Oregon State University (1999) B.S.

#### Business Experience:

- VP, Portfolio Manager, Invesco PowerShares (present-2008); Regional VP/Sales Associate, Claymore Securities (now Guggenheim) (2008–2007); Invesco PowerShares (2007–2006) Portfolio Consultant

Disciplinary Information: None

Other Business Activities: None

Additional Compensation: None

#### Supervision:

Joshua Betts is supervised by Peter Hubbard, Director of Portfolio Management. He reviews Joshua Betts' work through frequent office interactions.

Peter Hubbard's contact information:

Phone: 800 938 0903

E-mail: [info@powershares.com](mailto:info@powershares.com)

Chartered Financial Analyst (CFA): Chartered Financial Analysts are licensed by the CFA Institute to use the CFA mark. CFA certification requirements:

- Hold a bachelor's degree from an accredited institution or have equivalent education or work experience.
- Successful completion of all three exam levels of the CFA Program.

- Have 48 months of acceptable professional work experience in the investment decision-making process.
- Fulfill society requirements, which vary by society. Unless you are upgrading from affiliate membership, all societies require two sponsor statements as part of each application; these are submitted online by your sponsors.
- Agree to adhere to and sign the Member's Agreement, a Professional Conduct Statement, and any additional documentation requested by CFA Institute

### **Philip Perng Fang**

#### Educational Background:

- Year of Birth: 1965
- Mercy College (2000) B.A.; University of Texas at Austin

#### Business Experience:

- VP, Portfolio Manager Invesco PowerShares (present-2007); EVP, Municipal Fixed-Income Portfolio Manager, Lord Abbett (2007-1992)

Disciplinary Information: None

Other Business Activities: None

Additional Compensation: None

#### Supervision:

Philip Fang is supervised by Jeff Kernagis, VP Senior Portfolio Manager. He reviews Philip Perng Fang's work through frequent phone interactions as Philip is located in New York.

Jeff Kernagis' contact information:

Phone: 800 938 0903

E-mail: [info@powershares.com](mailto:info@powershares.com)

### **Peter Hubbard**

#### Educational Background:

- Year of Birth: 1981
- Wheaton College (2003) B.A. Business/Economics

#### Business Experience:

- VP, Portfolio Manager, Invesco PowerShares (present-2008); Research Analyst, Ritchie Capital Management (2005 – 2002)

Disciplinary Information: None

Other Business Activities: None

Additional Compensation: None

Supervision:

Peter Hubbard is supervised by Dan Draper, Managing Director Invesco PowerShares Global ETFs. He reviews Peter's work through frequent phone and office interactions.

Dan Draper's contact information:

Phone: 800 938 0903

E-mail: [info@powershares.com](mailto:info@powershares.com)

**Michael Charles Jeanette**

Educational Background:

- Year of Birth: 1968
- University of Minnesota (1996) B.S; University of St. Thomas, (1990) B.A.

Business Experience:

- VP, Portfolio Manager, Invesco PowerShares (present-2008); Trust Advisor, General Manager at Richard Lamb, LLC (2007-1998)

Disciplinary Information: None

Other Business Activities: None

Additional Compensation: None

Supervision:

Michael Jeanette is supervised by Peter Hubbard, Director of Portfolio Management. He reviews Michael's work through frequent office interactions.

Peter Hubbard's contact information:

Phone: 800 938 0903

E-mail: [info@powershares.com](mailto:info@powershares.com)

**Gary Thomas Jones**

Educational Background:

- Year of Birth: 1965
- University of Chicago (2006) MBA Finance/Economics; Purdue University (1988) B.S. Management/Finance

Business Experience:

- Portfolio Manager, Invesco PowerShares (present-February 2012); Assistant Portfolio Manager, Invesco PowerShares (2012-2010); Unemployed November 2010-February 2009); VP Loan Trader VanKampen Investments (now Invesco Advisers) (2009-2007)

Disciplinary Information: None

Other Business Activities: None

Additional Compensation: None

Supervision:

Gary Jones is supervised by Jeff Kernagis, VP Senior Portfolio Manager. He reviews Gary's work through frequent office interactions.

Jeff Kernagis' contact information:

Phone: 800 938 0903

E-mail: [info@powershares.com](mailto:info@powershares.com)

### **Saroj Kanuri, CFA Charterholder**

Educational Background:

- Year of Birth: 1975
- University of Illinois at Chicago, Bachelor of Science in Finance (2006)

Business Experience:

- Guggenheim Funds Investment Advisors, Director – ETF Portfolio Manager
- Guggenheim Funds Investment Advisors, Vice-President – ETF Portfolio Manager

Disciplinary Information: None

Other Business Activities: None

Additional Compensation: None

Supervision:

Saroj Kanuri is supervised by Josh Betts, VP Senior Portfolio Manager. He reviews Saroj's work through frequent office interactions.

Josh Bett's contact information:

Phone: 800 938 0903

E-mail: [info@powershares.com](mailto:info@powershares.com)

Chartered Financial Analyst (CFA): Chartered Financial Analysts are licensed by the CFA Institute to use the CFA mark. CFA certification requirements:

- Hold a bachelor's degree from an accredited institution or have equivalent education or work experience.
- Successful completion of all three exam levels of the CFA Program.
- Have 48 months of acceptable professional work experience in the investment decision-making process.
- Fulfill society requirements, which vary by society. Unless you are upgrading from affiliate membership, all societies require two sponsor

statements as part of each application; these are submitted online by your sponsors.

- Agree to adhere to and sign the Member's Agreement, a Professional Conduct Statement, and any additional documentation requested by CFA Institute

**Jeffrey William Kernagis, CFA Charterholder, Series 7 Registered Representative**

**Educational Background:**

- Year of Birth: 1967
- DePaul University (1993) MBA Information Systems; University of Notre Dame (1989) BBA Finance

**Business Experience:**

- Portfolio Manager, Invesco PowerShares (present-2007); Portfolio Manager, Claymore Securities (now Guggenheim) (2007-2005)

Disciplinary Information: None

Other Business Activities: None

Additional Compensation: None

**Supervision:**

Jeffrey Kernagis is supervised by Peter Hubbard, Director of Portfolio Management. He reviews Jeffrey's work through frequent office interactions.

Peter Hubbard's contact information:

Phone: 800 938 0903

E-mail: [info@powershares.com](mailto:info@powershares.com)

Chartered Financial Analyst (CFA): Chartered Financial Analysts are licensed by the CFA Institute to use the CFA mark. CFA certification requirements:

- Hold a bachelor's degree from an accredited institution or have equivalent education or work experience.
- Successful completion of all three exam levels of the CFA Program.
- Have 48 months of acceptable professional work experience in the investment decision-making process.
- Fulfill society requirements, which vary by society. Unless you are upgrading from affiliate membership, all societies require two sponsor statements as part of each application; these are submitted online by your sponsors.
- Agree to adhere to and sign the Member's Agreement, a Professional Conduct Statement, and any additional documentation requested by CFA Institute.

**Rebekah Lipp**

## Educational Background:

- Year of Birth: 1987
- Northern Baptist Theological Seminary (2011) Masters Specialization; Wheaton College (2009) B.S. Mathematics

## Business Experience:

- Associate Portfolio Manager, Invesco PowerShares (present-January 2013); Portfolio Management Intern, Invesco PowerShares (May 2012-January 2013)

Disciplinary Information: None

Other Business Activities: None

Additional Compensation: None

## Supervision:

Rebekah Lipp is supervised by Jeff Kernagis, VP Senior Portfolio Manager. He reviews Rebekah's work through frequent office interactions.

Jeff Kernagis' contact information:

Phone: 800 938 0903

E-mail: [info@powershares.com](mailto:info@powershares.com)

**Jonathan Nixon**

## Educational Background:

- Year of Birth: 1978
- College: State University of New York at Buffalo (2003) B.A. in History and B.S. in Finance
- Other designations: None

## Business Experience:

- VP, Portfolio Manager, Invesco PowerShares (present- 2011); Manager, General Electric (2010-2008); Tax Analyst, Astellas Pharma US, Inc. (2008-2006).

Disciplinary Information: None

Other Business Activities: None

Additional Compensation: None

## Supervision:

Jonathan Nixon is supervised by Josh Betts, VP Senior Portfolio Manager. He reviews Jonathan's work through frequent office interactions.

Josh Betts's contact information:  
Phone: 800 938 0903  
E-mail: [info@powershares.com](mailto:info@powershares.com)

### **Rick Ose**

Educational Background:

- Year of Birth: 1971
- Kellstadt Graduate School of Business, DePaul University (2011) MBA; Carroll University, (1993) B.S.

Business Experience:

- VP, Portfolio Manager, Invesco PowerShares (present-2011); Guggenheim Advisors (formerly Claymore Advisors) (2011-2007)

Disciplinary Information: None

Other Business Activities: None

Additional Compensation: None

Supervision:

Rick Ose is supervised by Jeff Kernagis, VP Senior Portfolio Manager. He reviews Rick's work through frequent office interactions.

Jeff Kernagis' contact information:  
Phone: 800 938 0903  
E-mail: [info@powershares.com](mailto:info@powershares.com)

### **Brian Robert Picken**

Educational Background:

- Year of Birth: 1985
- Wheaton College (2007) B.A. in Business/Economics

Business Experience:

- Vice-President, Portfolio Manager, present-2013; Portfolio Manager, Invesco PowerShares (2012-2010); Associate Portfolio Manager, Invesco PowerShares (2010 – 2009); Operations, Invesco PowerShares (2008); Research Analyst, Invesco PowerShares (2007)

Disciplinary Information: None

Other Business Activities: None

Additional Compensation: None

Supervision:

Brian Picken is supervised by Mike Jeanette, VP Senior Portfolio Manager. He reviews Brian's work through frequent office interactions.

Mike Jeanette's contact information:  
Phone: 800 938 0903  
E-mail: [info@powershares.com](mailto:info@powershares.com)

### **Theodore Joseph Samulowitz**

Educational Background:

- Year of Birth: 1971
- Purdue University Bachelor of Science Agricultural Economics (1993)

Business Experience:

- Portfolio Manager, Invesco PowerShares (present-2012); Managing Partner for Endurance Capital Management (2010-2012); Portfolio Manager for CMT Asset Management (2006-2009)

Disciplinary Information: None

Other Business Activities: None

Additional Compensation: None

Supervision:

Theodore Samulowitz is supervised by Mike Jeanette, VP Senior Portfolio Manager. He reviews Theodore's work through frequent office interactions.

Mike Jeannette's contact information:  
Phone: 800 938 0903  
E-mail: [info@powershares.com](mailto:info@powershares.com)

### **Tony Seisser, Series 7 Registered Representative**

Educational Background:

- Year of Birth: 1961
- North Central College, Bachelor of Arts (1984)

Business Experience:

- Vice-President, Buy-Side Trader, (2013-2011); Investigator, Chicago Board Options Exchange (2011-2008)

Disciplinary Information: None

Other Business Activities: None

Additional Compensation: None

Supervision:

Tony Seisser is supervised by Mike Jeanette, VP Senior Portfolio Manager. He reviews Theodore's work through frequent office interactions.

Mike Jeannette's contact information:



Phone: 800 938 0903  
E-mail: [info@powershares.com](mailto:info@powershares.com)