



## **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," the "Adviser," or "Managing Owner", sometimes referred to as "we" or "us" throughout this document). If you have any questions about the contents of this brochure, please contact Christopher C. Joe, Chief Compliance Officer of Invesco PowerShares at: (713) 214-1547 or by email at: [Christopher.Joe@invesco.com](mailto:Christopher.Joe@invesco.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).

Registration does not imply a certain level of skill or training.

**March 30, 2016**

## Material Changes

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### *Annual Update*

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

### *Material Changes since the Last Update*

The U.S. Securities and Exchange Commission issued a final rule in July 2010 requiring advisers to provide a Firm Brochure in narrative “plain English” format. The new final rule specifies mandatory sections and organization. This Brochure conforms to this rule.

The Firm Brochure was amended on March 30, 2016 to reflect the removal of Andrew Schlossberg as Managing Director, US Retail Distribution and Global Head of ETFs and the appointment of Daniel Draper as Chief Executive Officer effective March 24, 2016. Additionally, there is updated disclosure regarding the use of an affiliated broker. (Refer to the “Brokerage Practices” section for additional details.)

### *Full Brochure Available*

If you would like to receive a complete copy of our Firm Brochure, please contact Christopher C. Joe, Chief Compliance Officer (“CCO”) of Invesco PowerShares by telephone at: (713) 214-1547 or by email at: [Christopher.Joe@invesco.com](mailto:Christopher.Joe@invesco.com)

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## Advisory Business

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### *Firm Description*

Invesco PowerShares 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, the PowerShares Actively Managed Exchange-Traded Fund Trust and PowerShares Actively Managed Exchange-Traded Commodity 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 or an affiliated sub-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 and PowerShares Actively Managed Exchange-Traded Commodity Fund Trust may be managed by Invesco PowerShares or an affiliated sub-adviser and do not attempt to fully replicate an Underlying Index.

In addition, Invesco PowerShares serves as the Managing Owner, Commodity Pool Operator (“CPO”) and Trade Advisor (“CTA”) to 11 PowerShares DB ETFs. These ETFs include PowerShares DB Commodity Index Tracking Fund (DBC), PowerShares DB G10 Currency Harvest Fund (DBV), PowerShares DB Energy Fund (DBE), PowerShares DB Oil Fund (DBO), PowerShares DB Precious Metals Fund (DBP), PowerShares DB Gold Fund (DGL), PowerShares DB Silver Fund (DBS), PowerShares DB Base Metals Fund (DBB), PowerShares DB Agriculture Fund (DBA), PowerShares DB US Dollar Index Bullish Fund (UUP), and PowerShares DB US Dollar Bearish Fund (UDN), (the “Commodity Funds”).

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”).

Invesco PowerShares Capital Management LLC serves as the sponsor to the QQQ Trust Series 1 and The BLDRS Index Funds Trust (“QQQs and BLDRs”) and The Bank of New York Mellon is the Trustee. The Trustee has entered into an Agency Agreement with Invesco PowerShares Capital Management LLC, dated November 16, 2012 (the “Agency Agreement”). Under the terms of the Agency Agreement, Invesco PowerShares Capital Management LLC will perform certain functions on behalf of the Trustee: (a) relating to the evaluation of the portfolio securities held by the Trust for the purposes of determining the net asset value of the Trust, and (b) relating to rebalancing and adjustments of the Trust’s portfolio.

For its services as investment adviser to the Trusts, Invesco PowerShares receives a management fee pursuant to Investment Advisory Agreements between the Advisor 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. The Adviser does not provide investment advice to individuals.

As of December 31, 2015, Invesco PowerShares managed \$50,083,647,847 in discretionary assets for 127 exchange-traded funds in the Trusts. As of December 31, 2015, Invesco PowerShares managed \$4,766,371,529 in assets for 11 exchange-traded funds in the Commodity Funds. Invesco PowerShares provided portfolio management for 21 accounts for IAMIHL with aggregate assets under management of \$1,898,507,944. Invesco PowerShares provided portfolio management for 22 accounts with Invesco Canada and aggregate assets under management of \$2,452,053,980. As of December 31, 2015 Invesco PowerShares also provided management for the preferred portion of the Invesco Premium Income Fund with assets under management of \$31,438,907.

#### *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 and the Commodity Funds. In addition, Invesco PowerShares provides portfolio management and certain portfolio operations support to IAMIHL, Invesco Canada, and IAI. 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.

#### *Types of Agreements*

In addition, Invesco PowerShares has sub-advisory agreements with IAMIHL, Invesco Canada and IAI. As of December 31, 2015, the Trusts and the Commodity Funds together had 138 Funds, 118 of which are listed on the NYSE Arca and 20 of which are listed on the Nasdaq®.

## **Fees and Compensation**

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#### *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, the PowerShares Actively Managed Exchange-Traded Fund Trust, and PowerShares Actively Managed Exchange-Traded Commodity Fund Trust, Invesco PowerShares charges the Funds a set unitary fee, based upon a fraction of a percent of assets under management.

The 11 commodity pools structured as partnerships, pay the Managing Owner a unitary fee, monthly in arrears, in an amount equal to a percentage per annum of the daily net asset value of the Fund. The Management Fee is paid in consideration of the Managing Owner's commodity futures trading advisory services. Please see each Commodity Funds disclosure document for details.

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 but rather the management fee and unitary fee are deducted daily from each Fund's total assets, are accumulated in a liability account of the Fund and disbursed to Invesco PowerShares on a monthly basis. 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 assets of the Funds.

## Performance-Based Fees

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*Invesco PowerShares does not charge a performance-based fee.*

## Types of Clients

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### *Description*

Invesco PowerShares is the investment adviser to the Funds organized under the Trusts, the Commodity Funds, sponsor to the QQQs and BLDRs , and 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, 75,000, 100,000 or 200,000 shares through an AP.

## Methods of Analysis, Investment Strategies and Risk of Loss

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### *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.

For the Commodity Funds, the Adviser pursues its investment objective by investing in a portfolio of exchange-traded futures on the commodities comprising its Underlying Index. Instead of automatically rolling into the next month contract, the PowerShares DB Commodity ETFs use the Optimum Yield Roll process which analyzes the next 13 months and selects the contract that aims to generate the best possible roll yield.

For the Funds organized under the PowerShares Actively Managed Exchange-Traded Fund Trust and PowerShares Actively Managed Exchange-Traded Commodity Fund Trust (“Active Trusts”), the Adviser or affiliated sub-adviser does not seek to fully replicate an Underlying Index but may use a quantitative-rules based investment strategy designed to provide returns that correspond to the performance of an index. Methods of security analysis employed may include proprietary stock screening, charting, fundamental analysis, technical analysis, and credit analysis. The Funds in the Active Trust seek a stated investment objective as described in each Fund’s prospectus. Each Fund under the Active Trusts 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, S&P 500 Index constituents and Volatility Index Futures, and commodity futures contracts.



### *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 Securities 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.

- **Futures Contract Risk:** Risks of futures contracts include: (i) an imperfect correlation between the value of the futures contract and the underlying commodity; (ii) possible lack of a liquid secondary market; (iii) the inability to close a futures contract when desired; (iv) losses caused by unanticipated market movements, which may be unlimited; (v) an obligation for the Fund to make daily cash payments to maintain its required margin, particularly at times when the Fund may have insufficient cash or must sell securities to meet those margin requirements; (vi) the possibility that a failure to close a position may result in the Fund receiving an illiquid commodity; and (vii) unfavorable execution prices from rapid selling.
- **Commodity-Linked Instruments Risk:** The commodities markets may be subject to greater volatility than traditional securities. The value of commodity-linked futures contracts typically is based upon the price movements of underlying commodities and therefore may fluctuate widely based on a variety of both macroeconomic and commodity-specific factors. At times, these price fluctuations may be significant or rapid, and may not correlate to price movements in other asset classes.
- **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, a Fund 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 a Fund's underlying index concentrates in the securities of issuers in a particular industry or sector, that 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 or fixed income 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 net asset value (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. Moreover, the investment activities of one or more of the Adviser's affiliates for their proprietary accounts and for client accounts may adversely impact a Fund's ability to track its Underlying Index. For example, in regulated industries and as part of certain corporate and regulatory ownership definitions, there may be limits on the aggregate amount of investment by affiliated investors that cannot be exceeded, that only can be exceeded with the grant of a license or other regulatory or corporate consent or, that may result in certain business restrictions. As a result, a Fund may be restricted in its ability to acquire particular securities due to positions held by the Adviser's affiliates.

- **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.
- **Liquidity Risk:** A Fund may invest in instruments that at times may be illiquid. Illiquid investments may be more difficult or costly to buy or sell as compared to more actively traded investments. Liquidity risk is a factor in the trading volume of a particular investment, as well as the size and liquidity of the market for such an investment. This could have a negative effect on the Fund's ability to achieve its investment objective and may result in losses to Fund shareholders.

## Disciplinary Information

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### *Legal and Disciplinary*

The Adviser and its employees have not been involved in legal or disciplinary events in the last 10 year period.

## Other Financial Industry Activities and Affiliations

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### *Financial Industry Activities*

Invesco PowerShares is registered with the National Futures Association ("NFA") as a Commodity Pool Operator, Commodity Trade Advisor 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. Invesco Capital Markets, Inc. ("ICMI") and Invesco Distributors, Inc. ("IDI") are wholly owned subsidiaries of Invesco Advisers, Inc. ICMI and IDI are registered broker-dealers with the Securities and Exchange Commission under the Securities Exchange Act of 1934 and are members of the Financial Industry Regulatory Authority ("FINRA"), the Municipal Securities Rulemaking Board ("MSRB") and the Securities Investor Protection Corporation ("SIPC").

IDI is the distributor of creation units for certain investment portfolios of the PowerShares Exchange-Traded Fund Trusts on an agency basis and for certain unregistered offerings including money market funds.

ICMI introduces transactions on a fully disclosed basis for affiliated products including the Invesco PowerShares Funds. As introducing broker, ICMI trades equity securities solely on an agency basis and does not hold positions in these securities on behalf of the affiliated products. A third-party clearing firm provides custodial and clearing services to ICMI for these transactions.

### *Third Party Trading Platform*

Invesco Advisers owns 4.9% of the voting securities of Luminex Trading & Analytics LLC (Luminex), a joint venture with other asset managers. The Luminex trading platform is designed to serve as an alternative trading system with specific minimum trading thresholds to allow institutional investors to trade large blocks of shares. A senior Invesco employee is a member of Luminex's Board of Directors.

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

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### *Code of Ethics*

The employees of Invesco PowerShares have a written Code of Ethics (the "Code") and Policy Statement on Insider Trading Prohibitions. The Code is administered by the Compliance Department. The Compliance Department is responsible for interpreting the provisions of the Code, for adopting and implementing rules and procedures, for enforcing the provisions of the Code and for determining whether violations of the Code or of any such rules and procedures have occurred. The Code of Ethics 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, 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

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### *Selecting Brokerage Firms*

The Adviser has entered into a Delegation Agreement (“Agreement”) with Invesco Ltd. to delegate to the Invesco Global Trading Desk (“Trading Desk”) certain responsibilities and obligations with respect to placing orders with brokers on behalf of all Trusts (except PowerShares Actively Managed Exchange-Traded Commodity Fund Trust (the “Commodity Trust”)) for which the Adviser would otherwise be responsible under the terms of the investment advisory agreement between the Adviser and each Trust. Under the terms of the Agreement, the Trading Desk has the ultimate responsibility for the broker selection for all equity trades except as noted above and the Adviser will oversee Invesco Ltd.’s performance under the Agreement. The Trading Desk maintains a list of approved brokerage firms in accordance with the Adviser’s Broker Selection Criteria and Procedures. Trades for the Funds of the Commodity Trust are executed by a commodity trader employed by the Adviser who works in the Adviser’s offices and for fixed-income trades by the fixed-income portfolio management team of the Adviser. In accordance with the Independent Account Controller Policies and Procedures, the trader for the Funds of the Commodity Trust is both physically and technologically separated from the commodity products managed by affiliated entities of Invesco Ltd.

Invesco Advisers may execute trades for the Invesco PowerShares Funds and other advisory clients through the Luminex trading platform. Invesco Advisers owns 4.9% of the voting securities of Luminex. Invesco Advisers does not receive any compensation from Luminex for the execution of any client trades, however, at some point Invesco will receive dividends from Luminex for such period of time until Invesco Advisers has recouped its initial investment in Luminex. While selecting Luminex for execution could potentially create an appearance of a conflict of interest, Invesco Advisers is subject to a fiduciary obligation and manages each client’s assets solely in the client’s best interests.

Invesco Advisers may use an affiliated broker, ICMI, to execute trades for the Invesco PowerShares Funds and other advisory clients for whom Invesco Advisers has discretion to select broker dealers to execute transactions and to negotiate commissions with these broker dealers. ICMI is registered as a broker under the Securities Exchange Act of 1934, as amended and is a member of the Financial Industry Regulatory Authority. ICMI and Invesco Advisers are both indirect subsidiaries of Invesco Ltd.

Invesco Advisers’ trading department will determine if advisory client trades should be sent to unaffiliated broker dealers, including Luminex, or to ICMI. Invesco Advisers will not use trades with ICMI or Luminex to generate soft dollar credits. Invesco will only use the Affiliated Broker in circumstances where Invesco has received permission to send trades to

the affiliated broker and has determined that it can provide the same or better execution than an unaffiliated broker. Transactions executed by ICMI on behalf of investment company clients are effected in accordance with Rule 17e-1 under the 1940 Act, and procedures approved by each Trust's Board of Trustees.

Invesco Advisers will act in good faith and with due diligence in the selection, use and monitoring of such affiliates, subsidiaries and agents. Invesco Advisers is responsible for our obligations and for all actions of any affiliate, subsidiary, agent or third party to the same extent as Invesco Advisers is responsible for its own actions.

### *Best Execution*

The Adviser, on behalf of the Funds, has as its primary consideration obtaining the most favorable prices and efficient execution for clients' transactions. This consideration is applied differently for each of the two groups of Funds managed by the Adviser: equity Funds (both domestic and international equity), including actively managed equity Funds that trade in derivatives, and fixed-income Funds.

For equity Funds, 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.

For fixed-income Funds, 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 monitors the trade execution, brokerage allocations and commissions of the Trading Desk through daily contact between the Adviser's portfolio management team (under the overall direction of the lead portfolio manager) and through the Adviser's Brokerage Committees. The Adviser has established two Brokerage Committees, one for the Commodity Trust and related products ("Commodity Brokerage Committee") and one for all other Trusts ("Brokerage Committee"). The Brokerage Committee consists of employees from the Adviser's portfolio management, the Trading Desk, US Invesco compliance and senior management of Invesco and the Adviser. The employees that assist with the production of reports do not have influence over trade execution.

The Brokerage Committee meets quarterly to review reports based on data from the third party provider, ITG, and reports from Trading Desk's proprietary software. The factors noted previously are considered when assessing best execution and determining broker performance. Additionally, the Adviser executes a portion of the rebalance trades through the in-kind process and monitors these trades for liquidity and price impact, though this is beyond the scope of the formal best execution analysis. Notwithstanding this fact, the Brokerage Committee will review reports (on a post-trade basis) with respect to the custom in-kind baskets used each quarter to determine whether such in-kind baskets are consistent



with the Adviser's best execution obligations. For fixed-income funds, the Brokerage Committee reviews on a quarterly basis the principal value of fixed-income trades executed per broker.

For the Commodity Trust, the Commodity Brokerage Committee consists of the Adviser's portfolio management, US Invesco compliance and Invesco senior management, along with certain employees from the Trading Desk. The Commodity Brokerage Committee meets quarterly to review reports regarding dealer allocation, benchmark allocation and execution performance of the Commodity Product suite. Additionally, the Commodity Brokerage Committee reviews requests for any new dealer relationships for the Commodity products.

#### *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 or other clients supervised by the Adviser, or in certain circumstances other clients of Invesco Ltd. whose trades are executed by the Trading Desk, are considered at or about the same time, transactions in such securities may be aggregated if such aggregation would be consistent with the Adviser's trading policies and best execution obligations. Such aggregated trades are allocated in a pro rata manner across all accounts at an average price and commission rate. If there is a partial fill or de minimis fill, a pro rata allocation would also be applied.

## **Review of Accounts**

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#### *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**

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#### *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

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### *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

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### *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

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### *Proxy Voting*

Invesco PowerShares has proxy voting policies with respect to securities owned by the Funds for which it serves as investment adviser or sub-adviser and has been delegated the authority to vote proxies. The Adviser votes proxies by utilizing the procedures and mechanisms outlined in the Global Invesco Policy. The Global Invesco Policy is overseen by the Invesco Proxy Advisory Committee which also orchestrates the review and analysis of proxy voting matters while maintaining the Fund specific guidelines below:

- Overlapping Securities
- Non-Overlapping Securities
- Proxy Constraints
- Exemptive relief, and
- Conflicts of Interest

## Financial Information

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### *Financial Condition*

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

## Business Continuity Plan

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### *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

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### *Information Security*

The Adviser leverages Invesco's information security services to support the needs of the firms' business and to oversee and maintain all aspects of global information security risk. The program includes the development and implementation of information security policies consistent with industry guidelines and all applicable statutes, rules or regulations, and includes safeguards to (i) protect the privacy, confidentiality, integrity and availability of information assets; and (ii) protect those assets against accidental, unlawful or unauthorized access; and (iii) prevent the damage, destruction, or unauthorized disclosure, distribution, loss, manipulation, modification, and/or transmission of those assets.

### *Privacy Notice*

Invesco PowerShares recognizes the importance of respecting the privacy of our clients and is committed to safeguarding against the unauthorized disclosure of, or access to, the nonpublic personal client information we acquire. Invesco PowerShares collects nonpublic personal information about you from applications or other forms you complete

and from your transactions with us, or our affiliates. Invesco PowerShares does not disclose information about you, or our former customers, to our affiliates or to service providers or other third parties except on the limited basis permitted by law.

## Brochure Supplement (Part 2B of Form ADV) As of March 30, 2016

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### *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 ten members strong and has an average of 19 years of experience in the financial markets. Brian Hartigan is Head of Investments for Invesco PowerShares with Peter Hubbard, Director of Portfolio Management, reporting to him. Peter Hubbard has three portfolio managers reporting to him.

### *Philip Perng Fang*

#### Educational Background:

- Year of Birth: 1965
- Mercy College (2000) B.A.

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

Jeffrey Kernagis' contact information:

Phone: 800 938 0903

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

### *Brian Christopher Hartigan, CFA Charterholder*

#### Educational Background:

- Year of Birth: 1978
- DePaul University (2002), MBA Finance; University of St. Thomas (2000), B.A. Finance

Business Experience:

- Head of Investments, Invesco PowerShares (present-2015) ; Head of Unit Investment Trust Equity, Portfolio Management and Research team, Invesco (2015-2010)

Disciplinary Information: None

Other Business Activities:

- A registered representative of Invesco Distributors, Inc., an Invesco affiliated broker-dealer registered with FINRA

Additional Compensation: None

Supervision:

Brian Hartigan is supervised by Dan Draper, Managing Director Invesco PowerShares Global ETFs. He reviews Brian'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)

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.

*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:

- An associated person of Invesco Powershares Capital Management, LLC, a registered Commodity Pool Operator and Commodity Trading Adviser with the National Futures Association

Additional Compensation: None

Supervision:

Peter Hubbard is supervised by Brian Hartigan, Head of Investments. He reviews Peter's work through frequent phone and office interactions.

Brian Hartigan'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); 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 Jeffrey Kernagis, VP Senior Portfolio Manager. He reviews Gary's work through frequent office interactions.

Jeffrey Kernagis' contact information:

Phone: 800 938 0903

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

*Jeffrey William Kernagis, CFA Charterholder,*

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:

- A registered representative of Invesco Distributors, Inc., an Invesco affiliated broker-dealer registered with FINRA

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.

### *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

#### 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 Peter Hubbard, Director of Portfolio Management. He reviews Jonathan's work through frequent office interactions.

Peter Hubbard'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:

- A registered representative of Invesco Distributors, Inc., an Invesco affiliated broker-dealer registered with FINRA

Additional Compensation: None

Supervision:

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

Jeffrey Kernagis' 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:

- An associated person of Invesco Powershares Capital Management, LLC, a registered Commodity Pool Operator and Commodity Trading Adviser with the National Futures Association

Additional Compensation: None

Supervision:

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

Peter Hubbard's contact information:

Phone: 800 938 0903

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

### *Tony Seisser*

Educational Background:

- Year of Birth: 1961

- North Central College, Bachelor of Arts (1984)

Business Experience:

- Started at Invesco in December 2013 as a Vice-President, Portfolio Manager
- Guggenheim Funds Investment Advisors, Vice-President, Buy-Side Trader, (2013-2011); Investigator, Chicago Board Options Exchange (2011-2008)

Disciplinary Information: None

Other Business Activities:

- A registered representative of Invesco Distributors, Inc., an Invesco affiliated broker-dealer registered with FINRA

Additional Compensation: None

Supervision:

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

Michael Jeannette's contact information:

Phone: 800 938 0903

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