**ETF information**

- **Umbrella fund**: PowerShares Global Funds Ireland plc
- **Fund manager**: Invesco Global Asset Management DAC
- **Investment manager**: Invesco PowerShares Capital Management LLC
- **Custodian**: BNY Mellon Trust Company (Ireland) Limited

**Inception date**: 01-Sep-2016

**London Stock Exchange listing date**: 05-Sep-2016

**Ongoing charges**: 0.45% p.a.

**Income treatment**: Distributing

**Dividend schedule**: Quarterly

**Domicile**: Ireland

**UK reporting status**: Yes

**Investment method**: Physical replication

**Replication method**: Sampling

**Currency hedged**: No

**Total net assets**: US$ 23.54m

**NAV per share**: US$ 26.01

**Number of bond issues in index**: 178

**Shares in issue**: 905,001

**Financial year end**: 30 September

**Base currency**: US$ 1

**ISIN**: IE00BD0Q9673

**SEDOL (US$/GBP)**: BDBCMG5/ BDBCMH6

**Registrations for stock and public distribution**: UK registered and listed

**Benchmark index**: Citi Time-Weighted US Fallen Angel Bond Select Index

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**Investment objective**

The PowerShares US High Yield Fallen Angels UCITS ETF aims to provide investors with investment results which, before expenses, correspond to the price and yield performance of the Citi Time-Weighted US Fallen Angel Bond Select Index (“the Benchmark”) in US dollar terms by holding, as far as possible and practicable, a sample of the Index’s constituents. The portfolio follows the Benchmark’s monthly rebalancing.

**Benchmark index description**

The Benchmark is designed to measure the performance of “fallen angels” – bonds which were previously rated investment-grade, but were subsequently downgraded to high-yield. The Benchmark is based on the Citi Time-Weighted US Fallen Angel Bond Index which includes USD-denominated bonds issued by corporations domiciled in the US or Canada. Any such bonds with a rating changed from investment-grade to high-yield in the previous month are eligible for inclusion and will be held for a period of 60 months, provided they continue to meet the inclusion criteria. If a bond exits and then re-enters the Benchmark, the inclusion period is reset. Unlike indices where constituent weights are based on market value, the Benchmark’s weights are determined based on the time from inclusion, with higher weights assigned to bonds that have more recently become “fallen angels” (aiming to capture the potential price rebound effect that fallen angels may experience soon after their initial downgrade to high-yield). An issuer cap of 5% is applied. For liquidity, each issue is also capped at 5x its original market value weight.

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**Backtested index performances since 31 December 2010**

- **Citi Time-Weighted US Fallen Angel Bond Select Index**
  - 3 months: 1.31%
  - 6 months: 5.18%
  - YTD: 5.18%
  - 12 months: 15.39%
  - 3 years: 8.67%
  - 5 years: 10.79%

- **Bloomberg Barclays U.S. Corporate High Yield Index**
  - 3 months: 2.17%
  - 6 months: 4.93%
  - YTD: 4.93%
  - 12 months: 12.70%
  - 3 years: 4.48%
  - 5 years: 6.89%

**Calendar year performance (%)**

- **Citi Time-Weighted US Fallen Angel Bond Select Index**
  - 2016: 34.72%
  - 2015: -7.43%
  - 2014: 6.93%
  - 2013: 9.30%
  - 2012: 20.63%
  - 2011: -0.22%

- **Bloomberg Barclays U.S. Corporate High Yield Index**
  - 2016: 17.13%
  - 2015: -4.47%
  - 2014: 2.46%
  - 2013: 7.44%
  - 2012: 15.81%
  - 2011: 4.98%

**Past and backtested performance is not a guide to future returns.** Source: Citigroup Index LLC, Bloomberg L.P. as at 30.06.2017. Investors cannot invest in an index directly. The Citi Time-Weighted US Fallen Angel Bond Select Index returns represent backtested performance for the period 31.12.2010 to 17.07.2016 and actual performance from 18.07.2016, based on rules used in the creation of the index. Backtested performance does not represent actual performance and should not be interpreted as an indication of such performance; it is provided for illustration purposes only. Backtested performance has certain inherent limitations. For example, it ignores certain factors such as the trade timing, security liquidity and the fact that economic and market conditions in the future may differ significantly from those of the past. Accordingly, backtested performance is not a guide or an indicator of future returns.

**Trading information**

- **Stock Exchange**: London Stock Exchange
- **Exchange code**: HYFA
- **Trading currency**: USD
- **Trading hours**: 08:00 - 16:30
- **Minimum investment**: 1 share
- **Settlement**: t+2
PowerShares US High Yield Fallen Angels
UCITS ETF
30 June 2017

Top 10 Index Issuers (%)

<table>
<thead>
<tr>
<th>Name</th>
<th># of issues</th>
<th>Market weight (%)</th>
<th>Average coupon (%)</th>
<th>Average life (years)</th>
<th>Average yield to maturity (%)</th>
<th>Average effective duration (years)</th>
</tr>
</thead>
<tbody>
<tr>
<td>FREEPORT-MCMORAN INC</td>
<td>10</td>
<td>5.09</td>
<td>5.01</td>
<td>8.16</td>
<td>5.35</td>
<td>5.32</td>
</tr>
<tr>
<td>DCP MIDSTREAM OPERATING LP</td>
<td>10</td>
<td>5.04</td>
<td>5.83</td>
<td>10.73</td>
<td>4.58</td>
<td>10.73</td>
</tr>
<tr>
<td>WILLIAMS COMPANIES INC</td>
<td>7</td>
<td>4.69</td>
<td>6.55</td>
<td>12.28</td>
<td>4.92</td>
<td>7.87</td>
</tr>
<tr>
<td>TECK RESOURCES LTD</td>
<td>7</td>
<td>4.33</td>
<td>5.35</td>
<td>17.98</td>
<td>5.28</td>
<td>10.18</td>
</tr>
<tr>
<td>YUM BRANDS INC</td>
<td>7</td>
<td>4.02</td>
<td>4.84</td>
<td>15.01</td>
<td>4.07</td>
<td>6.56</td>
</tr>
<tr>
<td>CF INDUSTRIES INC</td>
<td>5</td>
<td>3.68</td>
<td>5.21</td>
<td>15.63</td>
<td>5.10</td>
<td>9.15</td>
</tr>
<tr>
<td>TRANSCOCEAN INC</td>
<td>6</td>
<td>3.05</td>
<td>7.39</td>
<td>12.03</td>
<td>8.39</td>
<td>6.13</td>
</tr>
<tr>
<td>NAVIENT CORP</td>
<td>6</td>
<td>2.90</td>
<td>6.42</td>
<td>5.03</td>
<td>4.25</td>
<td>3.80</td>
</tr>
<tr>
<td>ROWAN COMPANIES INC</td>
<td>4</td>
<td>2.83</td>
<td>5.22</td>
<td>15.87</td>
<td>7.62</td>
<td>8.06</td>
</tr>
<tr>
<td>DIAMOND OFFSHORE DRILLING INC</td>
<td>4</td>
<td>2.78</td>
<td>4.98</td>
<td>14.21</td>
<td>6.60</td>
<td>7.50</td>
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Index Yield & Maturity Characteristics7

<table>
<thead>
<tr>
<th></th>
<th>(%)</th>
<th>(%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Weighted average coupon</td>
<td>5.69</td>
<td>10.05</td>
</tr>
<tr>
<td>Yield to worst</td>
<td>5.92</td>
<td>9.50</td>
</tr>
<tr>
<td>Weighted average yield to maturity</td>
<td>5.96</td>
<td>10.05</td>
</tr>
<tr>
<td>Effective duration</td>
<td>5.82</td>
<td></td>
</tr>
<tr>
<td>Modified duration</td>
<td>5.88</td>
<td></td>
</tr>
<tr>
<td>OAS</td>
<td>399.37</td>
<td></td>
</tr>
</tbody>
</table>

Credit rating breakdown

<table>
<thead>
<tr>
<th>Rating</th>
<th># of Issuers</th>
<th>Average coupon (%)</th>
<th>Average life (years)</th>
<th>Average yield to maturity (%)</th>
<th>Average effective duration (years)</th>
</tr>
</thead>
<tbody>
<tr>
<td>BBB-</td>
<td>0.00</td>
<td>1.69</td>
<td>1.12</td>
<td>3.37</td>
<td>0.56</td>
</tr>
<tr>
<td>BB+</td>
<td>27.53</td>
<td>1.69</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>BB</td>
<td>23.60</td>
<td>1.69</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>BB-</td>
<td>19.10</td>
<td>1.69</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>C+</td>
<td>13.48</td>
<td>1.69</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>C</td>
<td>11.80</td>
<td>1.69</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>D</td>
<td>2.25</td>
<td>1.69</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>8</td>
<td>100</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Index sector allocation (%)

- Industrial - Energy: 35.96%
- Industrial - Transportation: 11.2%
- Industrial - Other: 0.00%
- Industrial - Manufacturing: 24.16%
- Industrial - Service: 14.04%
- Industrial - Consumer: 2.25%
- Utility - Electric: 1.69%
- Utility - Gas: 1.12%
- Utility - Telecom: 6.18%
- Utility - Other: 0.56%
- Finance - Bank: 0.00%
- Finance - Independent: 0.00%
- Finance - Insurance: 3.37%
- Finance - Other: 9.55%

Risk warnings

The value of investments and any income will fluctuate (this may partly be the result of exchange rate fluctuations) and investors may not get back the full amount invested.

In tracking the index, the ETF will be concentrated in a single country or a small number of countries. Investors should be prepared to accept a higher degree of risk than for a fund that is geographically diversified.

Debt instruments are exposed to credit risk which is the ability of the borrower to repay the interest and capital on the redemption date. Changes in interest rates will result in fluctuations in the value of the ETF.

The ETF may hold a significant amount of debt instruments which are of lower credit quality and this may result in large fluctuations of the value of the ETF as well as impacting its liquidity under certain circumstances.

When making an investment in an ETF you are buying shares in a company that is listed on a stock exchange. It is expected that the shares of the ETF will trade closely to its Net Asset Value (NAV), and because of the exchange-traded fund structure, that a significant discount or premium to the NAV will not be sustained over the long term. However, supply of, and demand for, the shares on the relevant exchange together with any disruptions to creations and redemptions of units in the underlying fund may result in share prices that differ significantly from the NAV and there can be no certainty that there will be liquidity in the shares on any exchange. Only Authorised Participants, as defined in the Prospectus of the ETF, can request the Manager to create and redeem units in the underlying fund.

Source: Citigroup Index LLC, as at 30 June 2017

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invescopowershares.co.uk
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**Important information**

1. The ongoing charges figure is based on annualised expenses. It excludes portfolio transaction costs.
2. The ETF will hold, so far as possible and practicable, a sample of the Index's constituents.
3. The Benchmark index also includes bonds that were originally rated high-yield, subsequently rated investment grade, then downgraded again to high-yield.
4. Includes Industrial, Utility and Finance sectors.
5. The inclusion period for each bond is measured in terms of consecutive months. The maximum inclusion period rule will be suspended should the number of issuers in the index fall below 20 to mitigate issuer concentration risk. Such suspension of the rule will be maintained until at least 20 issuers are eligible for inclusion in the index.
6. Design criteria and calculation methodology:
   - **Coupon:** Fixed-rate. **Currency:** USD. **Minimum Maturity:** At least one year.
   - **Maximum inclusion period:** 60 months. **Minimum issue size:** USD 250 million.
   - **Credit quality:** Maximum quality: BB+ by Index quality. Minimum quality: C by Index quality (excludes defaulted bonds).
   - **Composition:** Cash-pay, zero-to-full (ZTF), pay-in-kind (PIK), step-coupon bonds, and Rule 144A bonds issued by corporations domiciled in the United States or Canada.
   - **Index quality is defined to be the rating assigned by Standard & Poor's Financial Services LLC ("S&P") when it exists. If a bond is not rated by S&P, but it is rated by Moody's Investor Services, Inc. ("Moody's"), the S&P equivalent of the Moody's rating is assigned. If a bond is split-rated, that is rated investment-grade by S&P or Moody's and high-yield by the other, index quality is taken to be the S&P equivalent of the investment-grade rating. For more information on how "Index quality" is defined and the weighting methodology, please see their respective sections in the Citi Fixed Income Index Guide (http://www.yieldbook.com/fi/pdf/citi_indices/intro.us.fallen.angels.pdf).
   - **7 The yields shown are expressed as % per annum of current NAV of the fund. They are estimates for the next 12 months, assuming that the fund's portfolio remains unchanged and there are no defaults or deferrals of coupon payments or capital repayments. They are not guaranteed. They do not reflect the entry charge of the fund. Investors may be subject to tax on distributions. Cash income is estimated costs to bonds and, where applicable, estimated dividends from equities.

**Weighted average coupon:** The coupon is the annual interest rate paid by a bond issuer on the face value of the bond. The Benchmark index's (or the ETF's) weighted average coupon is calculated as the average of the underlying bonds' coupon rates, adjusted to take account of their weight (size) within the Benchmark index (or the ETF).

**Yield to worst:** The lowest yield an investor can expect when investing in a callable bond.

**Weighted average yield to maturity:** The Benchmark index's (or the ETF's) rate of return anticipated on a bond if held until maturity. Yield to maturity of the Benchmark index (or the ETF) is calculated as the average of the underlying bonds' yields, adjusted to take account of their relative weight (size) within the Benchmark index (or the ETF).

**Weighted average maturity:** A bond's maturity is the length of time until the bond's principal amount is due to be repaid. Weighted average maturity of the Benchmark index (or the ETF) is calculated as the average of the underlying bonds' maturities, adjusted to take account of their relative weight (size) within the Benchmark index (or the ETF).

**Effective duration:** A measure of the potential impact on a bond's (or a portfolio of bonds') price of a 1% change in interest rates, across all maturities. This measure takes into account the possible changes in expected bond cash flows for bonds with embedded optionality (for example, the bond issuer's right to redeem bonds at a pre-determined price on certain dates) due to the 1% change in interest rates.

**Modified Duration:** The approximate percentage change (price sensitivity) in a bond's price for a 1% change in yield, assuming that the bond's expected cash flow does not change when the yield changes.

**OAS (Option-Adjusted Spread):** The measurement of the spread of a bond rate and the risk-free rate of return, adjusted to take account of the bond's expected cash flow does not change when the yield changes.

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