

### SPHQ - Attractive Rating

#### PowerShares S&P 500 High Quality Portfolio



★★★★☆	<b>Predictive Rating</b>	Attractive
<b>Business Strength</b>		
★★★★☆	Quality of Earnings	Positive EE
★★★★★	Return on Invested Capital (ROIC)	16.36%
<b>Valuation</b>		
★★★☆☆	Free Cash Flow Yield	0.67%
★★★★☆	Price to Economic Book Value	1.19
★★★★☆	Market-Implied Duration of Growth	6 year(s)

- We recommend investors buy SPHQ.
- SPHQ ranks in the 94th percentile of the 400+ ETFs we cover.
- Positive EE means that economic earnings are positive because the ETF's ROIC is greater than its WACC.
- The Price to Economic Book Value ratio compares market expectations for future cash flows to existing cash flows. When the ratio is greater than one, the market predicts cash flows will increase, and vice versa.
- Market-Implied Duration of Moat measures the number of years of future profit growth implied by the stock price.

### ETF Details

Net Asset Value (\$MM)	\$177.86
Issuer	Invesco PowerShares
Category	Large Cap Blend
Index	S&P 500 High Quality Rankings
Management Style	Passive
Exposure	Long
Inception Date	12/06/05
Number of Holdings	138
Premium (Discount)	-0.13%
Avg. Daily Volume (3 Mo.)	51,741
Geography	U.S.

### Predictive Rating Methodology

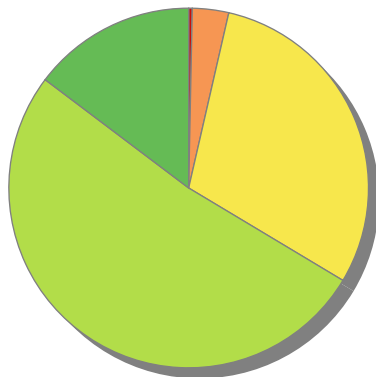
Our rating is based on the aggregation of our financial models for the ETF's holdings, which enables us to assess the profitability and valuation of the ETF just like a stock.

Our predictive ETF rating system is the same as our stock rating system, consistently [top-ranked](#) by Barron's.

### Total Annual Costs

Expense Ratio	0.29%
Total Annual Costs	0.32%
Rank (percentile)	70.23%

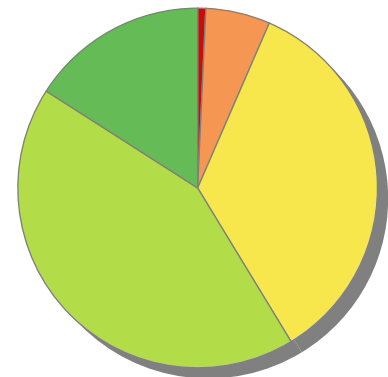
SPHQ's Accumulated Total Costs are \$742.44 over 10 years assuming a \$10,000 investment and 10% returns.



### Allocations

0.38%	Very Dangerous ★☆☆☆☆	1
3.83%	Dangerous ★★☆☆☆	8
35.18%	Neutral ★★★☆☆	48
43.37%	Attractive ★★★★☆	59
17.25%	Very Attractive ★★★★★	22
0.00%	Unrated	0

### Holdings



### Top 5 Holdings

Kellogg Company (K)	1.25%
Expeditors International of Washington, Inc. (EXPD)	1.25%
Hormel Foods Corp (HRL)	1.23%
Stryker Corporation (SYK)	1.23%
Emerson Electric Company (EMR)	1.22%

### Capitalization Exposure

Large Cap	76.67%
Mid Cap	23.33%
Small Cap	0.00%

Our Predictive ETF Rating includes an analysis of the total cost of owning an ETF. Please contact us for more information.

## Explanation of Predictive ETF Rating System

[Predictive ETF Ratings](#) enable smarter investing by assessing the key drivers of future fund performance. We start by analyzing every fund holding based on New Constructs' [stock ratings](#), which are regularly featured as among the best by [Barron's](#).

Predictive Rating	Portfolio Rating					Total Annual Costs Rating
	Business Strength		Valuation			
	Quality of Earnings	Return on Invested Capital	FCF Yield	Price to Econ Book Value	Mkt-Imp Duration of Growth	
Very Dangerous ★☆☆☆	Misleading Trend	Bottom Quintile	< -5%	> 3.5 or -1 < 0	> 50	> 4%
Dangerous ★★☆☆	False Positive	4th Quintile	-5% < -1%	2.4 < 3.5 or < -1	20 < 50	2% < 4%
Neutral ★★★☆☆	Neutral EE	3rd Quintile	-1% < 3%	1.6 < 2.4	10 < 20	1% < 2%
Attractive ★★★★☆	Positive EE	2nd Quintile	3% < 10%	1.1 < 1.6	3 < 10	0.5% < 1%
Very Attractive ★★★★★	Rising EE	Top Quintile	> 10%	0 < 1.1	0 < 3	< 0.5%

## New Constructs® - Profile

Incorporated in July 2002, [New Constructs](#) is an independent publisher of investment research that provides clients with consulting, advisory and research services. We specialize in quality-of-earnings, forensic accounting and discounted cash flow valuation analyses for all U.S. public companies.

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- More Accurate Research** - Our [patented Research Platform](#) for [reversing accounting distortions](#) and [discounted cash flow analysis](#) leverages better data to deliver smarter research.
- Time Savings** - We check the fine print in thousands of corporate filings so you don't have to. As reported by [Barron's](#), our expertise in analyzing SEC filings delivers [Hidden Gems and Red Flags](#) that drive long-term stock-picking success.
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- Objectivity** - New Constructs is an independent research firm, not tied to Wall Street or investment banking services. See our [presentation to the Senate Banking Committee](#), the SEC and many others in DC.

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Accounting data is not designed for equity investors, but for debt investors. [Accounting data must be translated into economic earnings](#) to understand the profitability and valuation relevant to equity investors. Respected investors (e.g. Adam Smith, Warren Buffett and Ben Graham) have repeatedly emphasized that accounting results should not be used to value stocks. [Economic earnings](#) are what matter because they are:

- Based on the complete set of financial information available.
- Standard for all companies.
- A more accurate representation of the true underlying cash flows of the business.

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