

Proxy Vote

PowerShares Achieves Successful Proxy Vote ----- Clears Way for Closing of Merger with AMVESCAP

Powershares, a leading ETF provider, has achieved the required vote for each of its 37 Funds in the final steps to solidify the merger with AMVESCAP. The proxy material asked shareholders to approve a New Advisory Agreement with AMVESCAP. Anytime there is a change of control at a mutual fund advisor, the 1940 Act requires each fund an advisor manages to re-approve the existing management agreement.

The proxy solicitation effort included 37 exchange-traded funds representing 510,000 accounts. In addition to seeking shareholder approval for a new advisory agreement, the shareholders were also asked to approve a proposal to change the classification of each fund's investment objective from a fundamental investment policy to a non-fundamental policy. Each fund had an average of 45% of the shares held by objecting beneficial owners ("OBOs") making the solicitation quite complex. Objecting beneficial owners are accounts in street name that remain anonymous to the issuer and therefore to the issuer's proxy agent.

Compounding the above-mentioned OBO challenge, most of the shares were held at full service brokerage firms and were invested in their PowerShares ETF by their financial advisor/broker as part of an asset allocation model. In most cases, this was without the shareholder's knowledge. Additionally, the average share balance across all funds was less than 500 shares leaving most shareholders with the misguided notion that their vote would not make a difference in the outcome of the meeting.

Acting as proxy manager, The Altman Group provided mailing, tabulation and solicitation services to PowerShares. Working within the timeframe provided, The Altman Group was able to design and implement a solicitation strategy that ensured delivery of the required votes for all PowerShares exchange-traded Funds.

"We could not be happier with the outcome of the proxy campaign" said Bruce Bond, President and CEO of PowerShares Capital Management LLC. "I would like to congratulate everyone at The Altman Group on a job well done. Through persistence and determination you were able to help us deliver the necessary votes to conduct the Meeting and pass all proposals. I would be honored to have you on my team anytime."

The Altman Group, Inc.

Winner of the 2006 TOPS Award for
Highest Rated Solicitation Firm

Rule 452

NYSE Recommends the Elimination of Routine Voting Beginning January 1, 2008

In the latest turn of events regarding the elimination of Rule 452 "broker discretionary voting", the New York Stock Exchange has moved to amend the rule regarding the election of Directors which is now subject to SEC approval. If approved, the ruling will take affect for all shareholder meetings held on or after January 1, 2008 and will no longer allow discretionary voting on Director elections. While approval of the amendment appears likely, the NYSE did give issuers and funds additional time to prepare for the significant change in voting practices. Initially this amendment was to be instituted as of January 1, 2007.

Over the past year there have been other significant changes to this rule which directly impacted the investment company industry. Certain proposals originally coded as routine were reclassified as non-routine, namely all advisory and sub-advisory agreement proposals. The latest change is the final piece which will abolish broker routine voting all together.

These changes will have the greatest impact on closed-end funds which are required to hold annual meetings. In addition this will also affect fund complexes that are required to hold shareholder meetings every 5 to 7 years to re-approve the boards for their funds.

New Hire

Joseph Tamagna joins The Altman Group's Mutual Fund Team

Joseph Tamagna, formerly of ADP Investor Communication Services, joins the Altman Group as Director of Mutual Proxy. Joe will be responsible for relationship and project management and will report to Paul Torre, Senior Managing Director.

"Joe's tireless work ethic and dedication to his clients will enable us to continue to grow and strengthen our core proxy offerings", says Paul Torre. "Joe's understanding of the market place and what his clients' needs are will be a tremendous asset to our group."

The Altman Group Mutual Fund Proxy Team

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