



PowerShares Build America Bond Portfolio (BAB)

The PowerShares Build America Bond Portfolio seeks investment results that correspond generally to the price and yield (before fees and expenses) of the Underlying Index, The BofA Merrill Lynch Build America Bond Index.

The Fund will normally invest at least 80% of its total assets in taxable municipal securities eligible to participate in the Build America Bond program created under the American Recovery and Reinvestment Act of 2009 or other legislation providing for the issuance of taxable municipal securities on which the issuer receives federal support of the interest paid.

Fund Details:

Fund Ticker	BAB
CUSIP	73937B407
Intraday NAV ¹	BAB.IV
Index Ticker	BABS
Expense Ratio*	0.35%
Marginable	Yes
Short Selling	Yes
Options	No
Exchange	NYSE Arca

Fund Characteristics: (as of March 31, 2010)

Avg. Duration	10.43
Avg. Maturity ²	6/11/2034

Default rates on investment-grade bonds: 1981 - 2009

	Municipalities	Corporates
Aaa/AAA	0.00%	0.82%
Aa/AA	0.03%	0.74%
A/A	0.06%	1.97%
Baa/BBB	0.28%	5.60%

Source: Citigroup, as of April 6, 2010

Why use an ETF to invest in BABs?

- Low cost³
- Transparency⁴
- Intraday liquidity⁵
- No minimum investment
- Flexibility: market/stop/limit orders
- Broad exposure in a single transaction
- Potential for monthly income

Insights:

Insights provide product-specific market analysis and investment strategies. These informative briefs are intended to help investors incorporate specific PowerShares ETFs into their portfolio.

For more Insights, please visit www.invescopowershares.com/resources/insights

What are BABs?

- BABs are taxable municipal bonds (munis). The market will require BAB coupons (the interest rate stated on a bond when it is issued) that are higher than coupons on traditional tax exempt munis.
- The interest from BABs is subsidized by the U.S. Treasury.
- Taxable munis have been around for over three decades. A total of \$48 billion was issued in the program's first seven months (Source: SIFMA, as of March 31, 2010).
- Proceeds are used to rebuild public infrastructure including roads and bridges, schools, safety facilities and power utilities.

Potential BAB Applications

Qualified accounts: For investors who like the characteristics of traditional municipal bonds, but don't need an extra layer of tax protection.

Low income-tax brackets: For taxable accounts, an investor must be in the highest income tax bracket in order to maximize the tax benefit from tax-exempt munis. Investors who are unable to capture the maximum benefit may find BABs attractive.

Public pension funds, endowments and foreign investors: Their tax-exempt status prevents them from capturing the tax benefit of tax-exempt munis.

A supplement to existing muni bond holdings: While a BAB's default risk falls entirely on the issuer, the interest subsidy from the U.S. Treasury may provide a unique means of mitigating the payment risk.

A substitute for corporate bonds: Taxable munis have historically had yields comparable to similarly rated corporate bonds, but with much lower default rates.

Invesco PowerShares does not offer tax advice. Please consult a tax adviser for advice regarding your specific situation.

Build America Bonds Compared to Corporate Bonds and U.S. Treasuries

	Yield to Worst ⁶	Modified Duration ⁷
BofA ML BAB Index	6.01%	10.82
BofA ML U.S. Corporate Master	4.56%	6.30
BofA ML U.S. Corporates 10+ Yrs	6.23%	11.97
BofA ML U.S. Treasuries 15+ Yrs	4.62%	14.37

Source: BofA Merrill Lynch, as of March 31, 2010

Index performance does not represent Fund performance. An investor cannot invest directly in an index.

Past performance is not indicative of future results.

Not FDIC Insured | May Lose Value | No Bank Guarantee

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- 1 The Intraday NAV is a symbol representing estimated fair value based on the most recent intraday price of underlying assets.
 - 2 The length of time until the principal amount of a bond must be paid back.
 - 3 Since ordinary brokerage commissions apply for each buy and sell transaction, frequent trading activity may increase the costs of ETFs.
 - 4 ETFs disclose their full portfolio holdings daily.
 - 5 Shares are not individually redeemable and owners of the shares may acquire those shares from the Funds and tender those shares for redemption to the Fund in Creation Unit aggregations only, typically consisting of 50,000 shares.
 - 6 Yield to worst is the lowest of all yield to calls or the yield to maturity.
 - 7 Duration is the change in the value of a fixed-income security that will result from a 1% change in interest rates.
- *As stated in the Fund's prospectus, the expense ratio of 0.35% is expressed as a unitary fee to cover expenses incurred in connection with managing the portfolio. However, the Adviser has voluntarily agreed to waive 0.07% of its fee, thereby reducing the expense ratio to 0.28%. The fee waiver may be modified or terminated by the Adviser after April 20, 2011.

About Risk

There are risks involved with investing in ETFs including possible loss of money. The Fund is not actively managed. Ordinary brokerage commissions apply.

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There is no guarantee that the Fund will not distribute capital gains to its shareholders.

Municipal securities are subject to the risk that litigation, legislation or other political events, local business or economic conditions or the bankruptcy of the issuer could have a significant effect on an issuer's ability to make payments of principal and/or interest. Municipal securities can be significantly affected by political changes as well as uncertainties in the municipal market related to taxation, legislative changes or the rights of municipal security holders. Because many securities are issued to finance similar projects, especially those relating to education, health care, transportation and utilities, conditions in those sectors can affect the overall municipal market. In addition, changes in the financial condition of an individual municipal insurer can affect the overall municipal market.

There is no guarantee that municipalities will continue to take advantage of the Build America Bond (BAB) program in the future and there can be no assurance that BABs will be actively traded. Furthermore, under the American Recovery and Reinvestment Act of 2009, the ability of municipalities to issue BABs expires on Dec. 31, 2010. If the BAB program is not extended, the number of BABs available in the market will be limited. In addition, illiquidity of the BABs may negatively affect the value of the BABs.

Fixed-income securities are subject to interest rate risk and credit risk. Generally, the prices of fixed-income securities tend to fall as interest rates rise. To the extent the Fund invests a substantial portion of its assets in fixed-income securities with longer term maturities, rising interest rates may cause the value of the Fund's investments to decline significantly. If interest rates fall, it is possible that issuers of callable securities with high interest coupons will "call" (or prepay) their bonds before their maturity date. 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, which may adversely affect the value of the security.

The Shares 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.

The Fund's use of a representative sampling approach will result in its holding a smaller number of securities than are in the Underlying Index. As a result, an adverse development respecting an issuer of securities held by the Fund could result in a greater decline in NAV than would be the case if the Fund held all of the securities in the Underlying Index. To the extent the assets in the Fund are smaller, these risks will be greater.

The Fund is non-diversified and can invest a greater portion of its assets in securities of individual issuers than a diversified fund.

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The BofA Merrill Lynch U.S. Corporate Master Index tracks the performance of U.S. dollar denominated investment grade corporate debt publicly issued in the U.S. domestic Market. The BofA Merrill Lynch U.S. Coporates 10+ Years Index is a subset of The BofA Merrill Lynch U.S. Corporate Index including all securities with a remaining term to final maturity greater than or equal to 10 years. The BofA Merrill Lynch U.S. Coporates 15+ Years Index is a subset of The BofA Merrill Lynch U.S. Treasuries Index including all securities with a remaining term to final maturity greater than or equal to 15 years.

Invesco Distributors, Inc. is the distributor of the PowerShares Exchange-Traded Fund Trust II.

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Shares are not individually redeemable and owners of the Shares may acquire those Shares from the Fund and tender those Shares for redemption to the Fund in Creation Unit aggregations only, typically consisting of 50,000 Shares.

An investor should consider the Fund's investment objective, risks, charges and expenses carefully before investing. For this and more complete information about the Fund call 800 983 0903 or visit invescopowershares.com for a prospectus. Please read the prospectus carefully before investing.