

# BAB

As of December 31, 2011

## Fund Description

PowerShares fixed-income portfolios seek to provide income through intelligent indexes that derive their investment decisions from methodologies that incorporate technically advanced and robust institutional investment research.

The PowerShares Build America Bond Portfolio is based on The BofA Merrill Lynch Build America Bond Index. The Fund will normally invest at least 80% of its total assets in the securities that comprise the Index. The Index is designed to track the performance of U.S. dollar-denominated Build America Bonds publicly issued by U.S. states and territories, and their political subdivisions, in the U.S. market.

There are risks involved with investing in ETFs, including possible loss of money. Shares are not actively managed and are subject to risks similar to those of stocks, including those regarding short selling and margin maintenance requirements. Ordinary brokerage commissions apply. The Fund's return may not match the return of the Underlying Index.

## Fund Data<sup>3</sup>

Build America Bond Portfolio	BAB
Intraday NAV (IIV)	BAB.IV
CUSIP	73937B407
Listing Exchange	NYSE Arca
Net Expense Ratio	0.29%
Number of Holdings	307
Years to Maturity	24.41
30-Day SEC Yield	4.82%
Effective Duration	11.96
Modified Duration	10.21

## Underlying Index Data<sup>3</sup>

The BofA Merrill Lynch Build America Bond	BABS
Effective Duration	11.67
Modified Duration	10.64
Years to Maturity	23.22
Average Yield to Worst	4.92%
Number of Holdings	10,408

## Fund Inception: Nov. 17, 2009

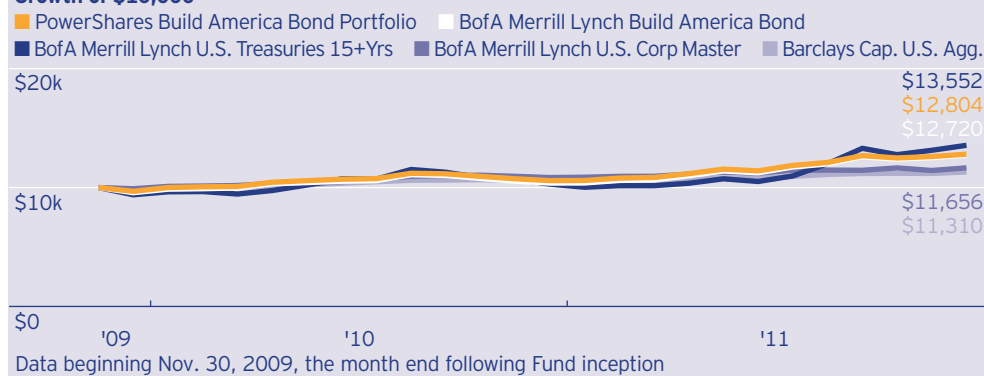
<sup>1</sup> Index returns do not represent Fund returns. An investor cannot invest directly in an index.

<sup>2</sup> Returns for the benchmark indexes are based on the closest month end to the Fund's inception date.

Neither the underlying Index nor the benchmark indexes charge management fees or brokerage expenses, and no such fees or expenses were deducted from the performance shown; nor do any of the indexes lend securities, and no revenues from securities lending were added to the performance

# PowerShares Build America Bond Portfolio

## Growth of \$10,000<sup>1</sup>



## Fund Performance & Index History (%)<sup>1</sup>

	1 Year	3 Year	5 Year	10 Year	Fund Inception <sup>2</sup>
<b>Underlying Index</b>					
The BofA Merrill Lynch Build America Bond	22.60	-	-	-	12.42
<b>Benchmark Indexes</b>					
The BofA Merrill Lynch U.S. Treasuries 15+ Yrs	31.73	5.94	11.17	9.14	15.71
The BofA Merrill Lynch U.S. Corporate Master	7.51	12.15	6.58	6.29	7.63
Barclays Capital U.S. Aggregate	7.84	6.77	6.50	5.78	6.09
<b>Fund</b>					
NAV	20.99	-	-	-	12.78
After Tax Held	18.64	-	-	-	10.68
After Tax Sold	13.50	-	-	-	9.64
Market Price	20.77	-	-	-	12.62

Performance data quoted represents past performance. As stated in the Fund's prospectus, the total expense ratio is 0.36%. However, the Adviser has contractually agreed to waive fees and/or pay certain Fund expenses which resulted in a net expense ratio of 0.29%. These waivers and reimbursement contracts extend through at least April 20, 2012. Past performance is not a guarantee of future results; current performance may be higher or lower than performance quoted. Investment returns and principal value will fluctuate and Shares, when redeemed, may be worth more or less than their original cost. The Shares' performance reflects fee waivers, absent which performance would have been lower. See [invescopowershares.com](http://invescopowershares.com) to find the most recent month-end performance numbers. After Tax Held represents total return after taxes on distributions and assumes Shares have not been sold. After Tax Sold represents total return after taxes on distributions and the sale of Fund Shares. After-tax returns reflect the highest federal income tax rate but exclude state and local taxes. Market returns are based on the midpoint between the highest bid and the lowest offer, as of the time that the Fund's NAV is calculated, generally around 4 p.m. ET and do not represent the returns an investor would receive if shares were traded at other times.

## 1-Year Index Statistics<sup>1,3</sup>

	Performance (%)	Volatility (%)	Beta	Sharpe Ratio	Correlation
BofA Merrill Lynch Build America Bond	22.60	7.41	-	3.18	-
BofA Merrill Lynch U.S. Treasuries 15+ Yrs	31.73	15.41	0.39	2.15	0.80
BofA Merrill Lynch U.S. Corporate Master	7.51	4.33	0.51	1.80	0.30
Barclays Capital U.S. Aggregate	7.84	2.35	2.37	3.46	0.75

shown. In addition, the results actual investors might have achieved would have differed from those shown because of differences in the timing, amounts of their investments, and fees and expenses associated with an investment in the Fund.

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. Treasuries 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. The Barclays Capital U.S. Aggregate Index is an unmanaged index considered representative of the U.S. investment-grade, fixed-rate bond market.

**Shares are not FDIC insured, may lose value and have no bank guarantee.**

**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.**



# PowerShares Build America Bond Portfolio

As of December 31, 2011

Top 10 Fund Holdings <sup>4</sup>				
Name	Coupon	Maturity	S&P/Moody's Rating	Weight (%)
Chicago Ill O'Hare Intl. Airport	6.395	1/1/2040	A-/A1	2.45
Florida St. Govtl Utility Auth.	6.548	10/1/2040	NR/A2	2.02
California Muni	6.509	4/1/2039	A-/A1	1.98
Los Angeles Calif Uni Sch Dist	6.758	7/1/2034	AA-/Aa2	1.57
Pennsylvania St Tp Pa Tpk	5.511	12/1/2045	A+/Aa3	1.52
Clark Cnty Nev Arpt Rev	6.881	7/1/2042	AA-/Aa2	1.50
Univ of Texas TX	4.644	8/15/2030	AAA/Aaa	1.49
New York NY City Indl Dev Agy Rev	5.968	3/1/2036	AA/Aa2	1.46
New Jersey St. Tpk Auth Rev	7.414	1/1/2040	A+/A3	1.40
California St.	7.300	10/1/2039	A-/A1	1.37

Credit Ratings (%) <sup>3</sup>	S&P		Maturity (years)	Weight (%)
	S&P	Moody's		
AAA/Aaa	9.60	5.37	0-1	-
AA/Aa	43.33	49.59	1-5	-
A/A	35.80	35.10	5-10	1.73
BBB/Baa	2.80	1.59	10-15	3.84
BB/Ba	-	-	15-20	23.03
B/B	-	-	20-25	21.69
Not Rated	8.47	8.36	25+	49.69

	Annual Index Performance (%)		
	The BofA ML Build America Bond	BofA ML U.S. Trsries 15+ Yrs	BofA ML U.S. Corp. Mst
2010	8.47	9.57	9.52
2011	22.60	31.73	7.51

State Allocation (%)	
California	24.36
Florida	8.90
New York	8.11
Texas	7.39
Illinois	6.31
Nevada	5.42
New Jersey	5.41
Washington	4.70
Colorado	4.32
Pennsylvania	3.43

## Leading the Intelligent ETF Revolution<sup>®</sup>

Underlying Index performance does not represent Fund performance.

<sup>3</sup> The Intraday NAV is a symbol representing estimated fair value based on the most recent intraday price of underlying assets.

Credit ratings are assigned by Nationally Recognized Statistical Rating Organizations based on assessment of the credit worthiness of the underlying bond issuers. The ratings range from AAA (highest) to D (lowest) and are subject to change. Not rated indicates the debtor was not rated, and should not be interpreted as indicating low quality. For more information on rating methodologies, please visit the following NRSRO websites: [standardandpoors.com](http://standardandpoors.com) and select "Understanding Ratings" under Rating Resources and [moody.com](http://moody.com) and select "Rating Methodologies" under Research and Ratings.

Average Yield to Worst is the lowest of all yield to calls or the yield to maturity.

Effective Duration is a measure of a bond's sensitivity to interest rate changes that reflects the change in a bond's price given a change in yield. This duration measure is appropriate for bonds with embedded options.

Modified Duration is a measure of a bond's sensitivity to interest rate changes that reflects the change in a bond's price given a change in yield. This duration measure is appropriate for option-free bonds.

<sup>4</sup> Please see the website for complete holdings information. Holdings are subject to change.

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 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.

The fund may invest in debt securities, such as notes and bonds, which carry interest rate and credit risk. Interest rate risk refers to the risk that bond prices generally fall as interest rates rise and vice versa. Credit risk is the risk of loss on an investment due to the deterioration of an issuer's financial health.

The Fund's underlying securities may be subject to call risk, which may result in the Fund having to reinvest the proceeds at lower interest rates, resulting in a decline in the Fund's income.

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 bonds than are in the underlying Index, and may be subject to greater volatility.

The Fund is considered non-diversified and may be subject to greater risks than a diversified fund.

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**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](http://invescopowershares.com) for a prospectus. Please read the prospectus carefully before investing.**

Note: Not all products available through all firms.