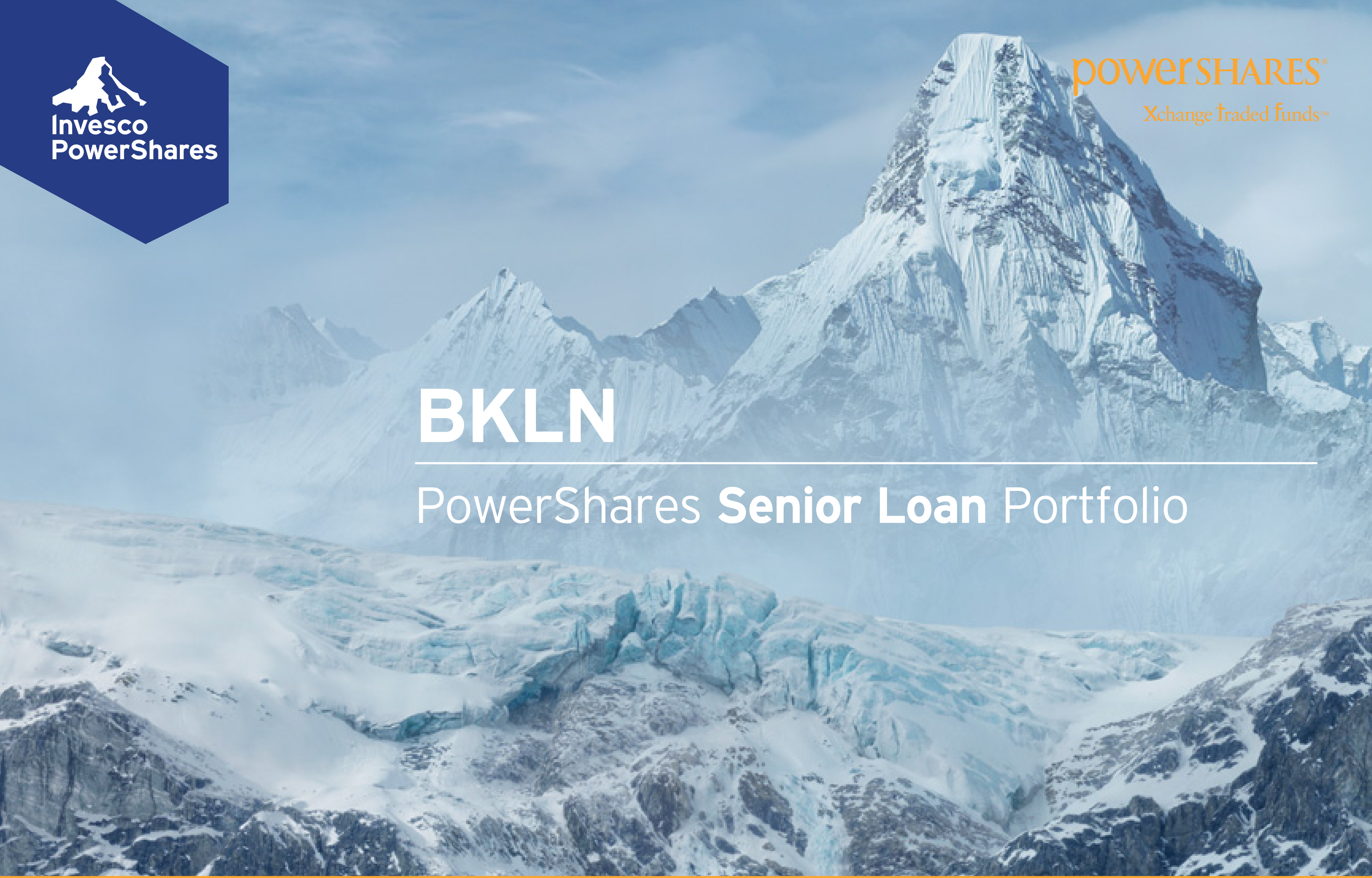

Invesco PowerShares

powerSHARES®
Xchange Traded Funds™

BKLN

PowerShares **Senior Loan** Portfolio

BKLN

The PowerShares Senior Loan Portfolio is the first senior loan exchange-traded fund (ETF) and seeks investment results that correspond (before fees and expenses) generally to the price and yield of the S&P/LSTA U.S. Leveraged Loan 100 Index (the Underlying Index).

The Fund will normally invest at least 80% of its total assets in the securities that comprise the Underlying Index. The Underlying Index is designed to track the market-weighted performance of the largest institutional leveraged loans based on market weightings, spreads and interest payments. The Fund may also invest up to 20% of its assets in closed-end funds that invest all or a portion of their assets in senior loans and in other liquid instruments such as high-yield securities.

The PowerShares Senior Loan Portfolio:

- Is the first senior loan ETF.
- Seeks to track the industry's leading benchmark.
- Provides low cost,[1] broad exposure to the senior loan market.
- May help to mitigate a portfolio's interest rate risk.
- Offers the benefits of the ETF structure including intra-day liquidity[2] and transparency.[3]
- Offers the potential for monthly income.

Please see glossary for definitions of underlined terms.

1 Since ordinary brokerage commissions may apply for each buy and sell transaction, frequent trading activity may increase the cost of ETFs.

2 Shares are not individually redeemable. Shares may be acquired from and tendered to the Fund in creation unit aggregations only, typically consisting of 100,000 shares.

3 ETFs disclose their full portfolio holdings daily.

WHAT ARE *SENIOR LOANS?*

Senior loans (also called leveraged loans, syndicated loans, bank loans or floating rate loans) are privately arranged debt instruments that provide capital to a company (usually with a below-investment-grade rating) and are issued by a bank or financial institution and syndicated by a group of banks and institutional investors.

Senior loans are typically issued in conjunction with leveraged buyouts, mergers or acquisitions. A company's payment of interest and repayment of principal on its loan is usually contractually senior to any other form of debt or equity.

Within a company's capital structure, senior loans are typically:

- Senior to the claims of other creditors.
- Protected by performance and leverage based covenants.[4]
- Secured by collateral, such as property, inventory, equipment and intangibles.

The rate paid by a senior secured floating rate loan "floats" at a pre-determined spread over a reference rate, usually the U.S. dollar London Interbank Offered Rate (LIBOR).

For example, if three-month LIBOR were yielding 2.50%, a senior secured floating rate loan with a spread of 3.00% would yield LIBOR + 3.00% or 5.50%.

The reference rate, in general, is then reset every 30, 60, or 90 days, so that the aggregate rate floats in lockstep with the reference rate.

4 Covenants carry counterparty risk and do not guarantee against loss of principal.

Senior loans offer the potential to diversify a fixed-income portfolio through both their distinct structure and their historically low correlation to other fixed-income investments.

Floating Rates:

Unlike traditional bonds, senior loans are structured with floating rates, which means their coupons regularly adjust with changes in a base rate. The more frequently a bond's coupon adjusts, the less sensitive its price to broader market changes in interest rates.

Senior and Secured:

The senior claim means that the loan is given top priority and is repaid first, before all other claims are repaid. Senior loans are typically secured by liquid assets of a company. In the event of default, the senior status and collateral backing of senior loans generally result in a high rate of recovery.

Correlation:

Senior loans tend to have a low correlation to other types of fixed-income investments and may help to mitigate volatility in rising interest rate environments.

Senior Loans: Relationship to Other Segments of the Fixed-Income Market
(Credit Suisse Leveraged Loan Index)

10 Years Ended Dec. 31, 2011	Correlation To	Beta vs.
Barclays Capital U.S. Government: Intermediate	-0.41	-1.00
Barclays Capital U.S. Aggregate	-0.03	-0.07
Barclays Capital U.S. Municipal Bond	0.26	0.46
BofA Merrill Lynch U.S. Corporate Master	0.40	0.52
Barclays Capital U.S. Treasury: U.S. TIPS	0.19	0.22
Consumer Price Index	0.36	1.95
S&P 500	0.54	0.27

Sources: Bloomberg and Zephyr Style Advisor, as of Dec. 31, 2011
See back page for index descriptions.

As of the Fund's inception, the index had approximately 28 months of live history. The Credit Suisse Leveraged Loan Index had more historical data and was used in order to provide more meaningful longer term comparisons.

The S&P/LSTA U.S. Leveraged Loan 100 Index is a market value-weighted index designed to measure the performance of the U.S. leveraged loan market.

The Underlying Index consists of 100 loan facilities drawn from a larger benchmark – the S&P/LSTA (Loan Syndications and Trading Association®) Leveraged Loan Index (LLI), which covers more than 1,100 facilities.

The S&P/LSTA U.S. Leveraged Loan 100 Index is designed to reflect the performance of the largest loan facilities in the leveraged loan market. It mirrors the market-weighted performance of the largest institutional leveraged loans based upon market weightings, spreads and interest payments.

Index Eligibility

The constituents of the S&P/LSTA U.S. Leveraged Loan 100 Index are drawn from a universe of syndicated leveraged loans representing over 90% of the leveraged loan market.

Eligibility Factors

All syndicated leveraged loans covered by the S&P/LSTA Leveraged Loan Index universe are eligible for inclusion in the S&P/LSTA U.S. Leveraged Loan 100 Index. Term loans from syndicated credits must meet the following criteria at issuance in order to be eligible for inclusion in the LLI:

- Senior secured first lien.
- Minimum initial term of one year.
- Minimum initial spread of LIBOR + 125 basis points.
- U.S. dollar denominated.

Invesco

As part of Invesco, Invesco PowerShares is able to leverage the wealth of expertise of the Fund's sub-adviser, **Invesco Senior Secured Management, Inc.** (ISSM).

With more than U.S. $16 billion under management,[4] ISSM is one of the largest institutional managers of senior loans. ISSM developed one of the first institutional senior loan platforms, and ultimately helped foster the maturation of the syndicated senior loan market. ISSM's senior loan platform is also supported by global resources of Invesco, Ltd., one of the world's largest asset management companies.

4 Source: ISSM, as of December 2011

GLOSSARY

A closed-end fund is a publicly traded investment company that raises capital by issuing shares through an initial public offering. The fund is then listed and traded like a stock on a stock exchange.

Correlation indicates the degree of similarity between the historical performance of two investments.

A basis point is one hundredth of one percent.

Beta is a measure of relative risk and is the slope of regression.

ABOUT RISK

There are risks involved with investing in ETFs, including possible loss of money. Shares are not actively managed and are subject to risks including those regarding short selling and margin maintenance requirements. Ordinary brokerage commissions apply.

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 100,000 shares.

Investments in loans are subject to interest rate risk and credit risk. Interest rate risk refers to fluctuations in the value of a loan resulting from changes in the general level of interest rates. Credit risk refers to the possibility that the borrower of a loan will be unable and/or unwilling to make timely interest payments and/or repay the principal on its obligation. There is no organized exchange on which loans are traded and reliable market quotations may not be readily available.

As the purchaser of a loan assignment, the Fund typically succeeds to all assigning institution rights and obligations and becomes a lender under the credit agreement with respect to the debt obligation. However, the Fund may not be able to enforce all rights and remedies under the loan including any associated collateral. If the loan is foreclosed, the Fund may become part owner of any collateral and may bear the costs and liabilities of owning and disposing of the collateral. The Fund may be required to pass on to a purchaser that buys a loan from the Fund a portion of fees it is entitled to under the loan. In connection with purchasing loan participations, the Fund will have no right to enforce borrower compliance with the terms of the loan agreement, nor any rights of set-off against the borrower, and the Fund may not benefit from any collateral supporting the loan. Consequently, the Fund will be subject to the credit risk of both the borrower and the lender that is selling the participation. In the event of the insolvency of the lender selling a participation, the Fund may be treated as the lender's general creditor and may not benefit from any set-off between the lender and the borrower.

The Fund may invest in non-investment grade, or high-yield, securities (junk bonds). High-yield securities have additional risks, including interest-rate changes, decreased market liquidity and a larger amount of outstanding debt than investment-grade securities.

Proceeds from a current investment of the Fund, both interest payments and principal payments, may be reinvested in instruments that offer lower yields than the current investment due in part to market conditions and the interest rate environment at the time of reinvestment.

The market value of the shares of closed-end investment companies may differ from their NAV. In addition, the shares of closed-end investment companies frequently trade at a discount to their NAV. As an investor in closed-end investment companies, the Fund would bear its ratable share of those closed-end investment companies' fees and expenses, including its investment advisory and administration fees, while continuing to pay its own advisory and administration fees and other expenses. As a result, shareholders will be absorbing duplicate levels of fees with respect to investments in closed-end investment companies.

The Fund may invest all or a portion of its assets in loans of non-U.S. borrowers. Loans of non-U.S. borrowers have additional risks, including decreased market liquidity, political instability and taxation by foreign governments.

The Fund's use of a representative sampling approach will result in its holding a smaller number of loans than are in the Underlying Index, and may subject the Fund to greater volatility.

The Fund currently intends to effect creations and redemptions principally for cash, rather than principally in-kind because of the nature of the Fund's investments. As such, investments in the Fund may be less tax efficient than investments in ETFs that create and redeem in-kind.

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

Investments focused in a particular industry are subject to greater risk, and are more greatly impacted by market volatility than more diversified investments.

The Barclays Capital U.S. Aggregate, Barclays Capital U.S. Government: Intermediate and Barclays Capital U.S. Municipal Bond Indexes are unmanaged indexes considered representative of the U.S. investment-grade, fixed-rate bond market, intermediate maturity U.S. government securities market and the U.S. municipal bond market, respectively.

The BofA Merrill Lynch U.S. Corporate Master Index is an unmanaged index of corporate bonds considered representative of the investment-grade corporate bond market.

The Barclays Capital U.S. Treasury: U.S. TIPS is an unmanaged index considered representative of the U.S. Treasury inflation protected securities market.

The Credit Suisse Leveraged Loan Index is designed to mirror the investable universe of the $U.S.-denominated leveraged loan market.

The S&P 500® Index is an unmanaged index considered representative of the U.S. stock market.

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

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Note: Not all products available through all firms.

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.

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