



powerSHARES®
Xchange Traded Funds™

2011 Semi-Annual Report to Shareholders

April 30, 2011

PowerShares Senior Loan Portfolio (BKLN)

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Frequency Distribution of Discounts & Premiums

Since Inception through April 30, 2011

Ticker	Fund Name	Inception	Trading Days	Closing Price Above NAV (bps)					
				0-24	25-49	50-99	100-149	150-199	200+
BKLN	PowerShares Senior Loan Portfolio	03/03/11	41	5	11	22	0	0	0

Closing Price Below NAV (bps)					
-0-24	-25-49	-50-99	-100-149	-150-199	-200+
0	2	1	0	0	0

Fees and Expenses

As a shareholder of a Fund of the PowerShares Exchange-Traded Fund Trust II, you incur a unitary management fee. The expense examples below are intended to help you understand your ongoing costs (in dollars) of investing in the Fund and to compare these costs with the ongoing costs of investing in other funds.

The example is based on an investment of \$1,000 invested at the beginning of the period and held through the six-month (or shorter) period ended April 30, 2011.

In pursuing its investment objective, PowerShares Senior Loan Portfolio (the “Portfolio”) may invest a portion of its assets in investment companies. The Portfolio indirectly bears a pro rata share of the fees and expenses of the investment companies in which the Portfolio invests. The effects of the investment companies’ expenses are included in the Portfolio’s total return.

Actual Expenses

The first line in the following table provides information about actual account values and actual expenses. You may use the information in this line, together with the amount you invested, to estimate the expenses that you paid over the period. Simply divide your account value by \$1,000 (for example, an \$8,600 account value divided by \$1,000 = 8.6), then multiply the result by the number in the first line under the heading “Expenses Paid During the Period” to estimate the expenses you paid on your account during this period.

Hypothetical Example for Comparison Purposes

The second line in the following table provides information about hypothetical account values and hypothetical expenses based on the Fund’s actual expense ratio and an assumed annualized rate of return of 5% per year before expenses, which is not the Fund’s actual return. The hypothetical account values and expenses may not be used to estimate the actual ending account balance or expenses you paid for the period. You may use this information to compare the ongoing costs of investing in the Fund and other funds. To do so, compare this 5% hypothetical example with the 5% hypothetical examples that appear in the shareholder reports of the other funds.

Please note that the expenses shown in the table are meant to highlight your ongoing costs only, and do not reflect any transactional costs such as sales charges and brokerage commissions. Therefore the second line in the table is useful in comparing ongoing costs only, and will not help you determine the relative total costs of owning different funds. In addition, if these transactional costs were included, your costs would have been higher.

	Beginning Account Value March 3, 2011 (Fund Inception)	Ending Account Value April 30, 2011	Annualized Expense Ratio Based on the Number of Days in the Period	Expenses Paid During the Period March 3, 2011 (Fund Inception) to April 30, 2011 ⁽¹⁾
PowerShares Senior Loan Portfolio Actual	\$1,000.00	\$1,010.58	0.65%	\$1.04
Hypothetical (5% return before expenses)	\$1,000.00	\$1,021.57	0.65%	\$3.26

⁽¹⁾ Expenses are calculated using the annualized expense ratio, which represents the ongoing expenses as a percentage of net assets for the period March 3, 2011 (Fund Inception) to April 30, 2011. Expenses are calculated by multiplying the Fund’s annualized expense ratio by the average account value for the period; then multiplying the result by 59 and then dividing the result by 365. Hypothetical expenses are calculated by multiplying the fund’s annualized expense ratio by the average account value for the period; then multiplying the result by 181 and then dividing the result by 365.

Portfolio Composition

PowerShares Senior Loan Portfolio

Credit Quality Rating Breakdown (% of the Fund's Net Assets) as of April 30, 2011 (Unaudited)

BBB	0.8
BBB-	1.0
BB	4.4
BB-	10.7
B+	28.7
B	19.5
B-	11.2
CCC+	2.4
CCC	4.7
Not-Rated	3.4
Equity	7.8
Bond	4.4
Money Market Fund	14.4
Liabilities in excess of other assets	(13.4)

Schedule of Investments

PowerShares Senior Loan Portfolio

April 30, 2011 (Unaudited)

Principal Amount		Interest Rate	Maturity Date	Value
	Senior Floating Rate Loans—86.8% ^{(a)(b)}			
	<i>Advertising—2.2%</i>			
\$ 998,747	Getty Images, Inc., Term Loan B ^(c)	5.250%	11/7/16	\$ 1,011,386
636,611	RH Donnelley, Inc., Term Loan D3-EXIT ^(c)	9.000	10/24/14	503,101
998,750	Visant Corp. ^(c)	5.250	12/22/16	1,005,407
				<u>2,519,894</u>
	<i>Aerospace/Defense—1.4%</i>			
	Hawker Beechcraft Acquisition Co. LLC			
40,741	Term Loan ^(c)	2.070	3/26/14	35,988
658,836	Term Loan OLD ^(c)	2.307	3/26/14	581,973
997,500	TransDigm, Inc.	4.000	2/14/17	1,008,378
				<u>1,626,339</u>
	<i>Airlines—0.8%</i>			
500,000	United Air Lines, Inc., Term Loan B	2.313	2/3/14	487,918
542,361	US Airways Group, Inc.	2.753	3/21/14	500,705
				<u>988,623</u>
	<i>Auto Manufacturers—1.9%</i>			
2,200,675	Ford Motor Co., Term Loan B1	3.010	12/16/13	2,205,802
	<i>Auto Parts & Equipment—3.0%</i>			
1,497,114	Allison Transmission, Inc., Term Loan B ^(c)	3.010	8/7/14	1,498,634
	Federal-Mogul Corp.			
1,185,809	Term Loan B-EXIT ^(c)	2.198	12/29/14	1,158,808
337,838	Term Loan C-EXIT ^(c)		12/27/15	330,145
500,000	Goodyear Tire & Rubber Co. (The)	1.960	4/30/14	492,290
				<u>3,479,877</u>
	<i>Banks—1.4%</i>			
1,625,000	CIT Group, Inc., Term Loan 3-DD	6.250	8/11/15	1,652,422

See Notes to Financial Statements.

Schedule of Investments (Continued)

PowerShares Senior Loan Portfolio

April 30, 2011 (Unaudited)

Principal Amount		Interest Rate	Maturity Date	Value
Senior Floating Rate Loans (Continued)				
<i>Building Materials—0.9%</i>				
\$1,048,622	Goodman Global, Inc., Term Loan B-NEW ^(c)	5.750%	10/28/16	\$ 1,058,961
<i>Chemicals—3.6%</i>				
1,000,000	Celanese Holdings, LLC, Term Loan C-EXT	3.303	10/31/16	1,009,600
500,000	Huntsman International, LLC, Term Loan B-NONEXT	1.742	4/21/14	494,553
498,705	ISP Chemco, LLC, Term Loan B	1.750	6/4/14	492,733
498,213	PQ Corp.	3.560	7/30/14	486,607
673,313	Styron, LLC, Term Loan B	6.000	8/2/17	682,402
997,500	Univar, Inc., Term Loan B	5.000	6/30/17	1,006,168
				<u>4,172,063</u>
<i>Commercial Services—3.7%</i>				
ARAMARK Corp.				
61,706	Term Loan	3.494	7/26/16	61,912
938,293	Term Loan EXT	3.557	7/26/16	941,422
1,000,000	Hertz Corp. (The) ^(c)		3/11/18	1,010,110
500,000	KAR Auction Services, Inc.	3.000	10/18/13	499,845
ServiceMaster Co. (The)				
1,679,485	Term Loan B ^(c)	2.810	7/24/14	1,655,812
67,925	Term Loan DD ^{(c)(d)}	—	7/24/14	66,967
				<u>4,236,068</u>
<i>Computers—2.0%</i>				
SunGard Data Systems, Inc.				
500,000	Term Loan A-NONEXT ^{(c)(d)}	—	2/28/14	493,250
1,850,000	Term Loan B	3.912	2/26/16	1,866,410
				<u>2,359,660</u>
<i>Diversified Financial Services—5.1%</i>				
2,150,000	AGFS Funding Co., Term Loan NEW ^(c)	7.250	4/21/15	2,155,182
998,750	Fifth Third Processing Solutions, Inc., Term Loan B ^(c)	5.500	11/3/16	1,008,348
Nuveen Investments, Inc.				
600,000	Term Loan B-NONEXT	3.307	11/13/14	583,455
750,000	Term Loan EXT	5.807	5/12/17	753,518
998,750	Pinafore, LLC, Term Loan B-NEW ^(c)	4.250	9/29/16	1,009,267
500,000	Pinnacle Foods Finance, LLC, Term Loan B-OLD	2.743	4/2/14	499,093
				<u>6,008,863</u>
<i>Electric—3.7%</i>				
Texas Competitive Electric Holdings Co. LLC				
1,164,341	Term Loan B1 ^(c)	3.746	10/10/14	1,006,026
2,480,233	Term Loan B2 ^(c)	3.803	10/10/14	2,142,995
1,393,798	Term Loan B3	3.803	10/10/14	1,204,284
				<u>4,353,305</u>
<i>Entertainment—1.0%</i>				
548,625	Cedar Fair L.P.	4.000	2/15/17	554,536
600,000	Penn National Gaming, Inc., Term Loan B	2.050	10/3/12	600,000
				<u>1,154,536</u>
<i>Food—2.1%</i>				
1,500,000	Del Monte Foods Co., Term Loan B	4.500	3/8/18	1,508,055
997,409	U.S. Foodservice	2.760	7/3/14	968,619
				<u>2,476,674</u>

See Notes to Financial Statements.

Schedule of Investments (Continued)

PowerShares Senior Loan Portfolio

April 30, 2011 (Unaudited)

Principal Amount		Interest Rate	Maturity Date	Value
Senior Floating Rate Loans (Continued)				
<i>Forest Products & Paper—0.8%</i>				
\$ 998,684	Georgia-Pacific, LLC, Term Loan B1-OLD ^(c)	2.307%	12/21/12	\$ 1,000,077
<i>Healthcare - Products—2.5%</i>				
498,711	Bausch & Lomb, Inc., Term Loan B	3.557	4/24/15	499,709
1,498,708	Biomet, Inc., Term Loan B ^(c)	3.308	3/25/15	1,499,412
1,000,000	Carestream Health, Inc., Term Loan B	5.000	2/25/17	940,240
				<u>2,939,361</u>
<i>Healthcare - Services—8.2%</i>				
CHS/Community Health Systems, Inc.				
2,411,666	Term Loan B-NONEXT	2.561	7/25/14	2,354,521
85,440	Term Loan DD	2.561	7/25/14	83,416
998,747	Term Loan EXT ^(c)	3.811	1/25/17	983,596
1,048,625	DaVita, Inc., Term Loan B-NEW ^(c)	4.500	10/20/16	1,059,190
1,000,000	Fresenius Medical Care Holdings, Inc., Term Loan B-OLD HCA, Inc.	1.682	3/31/13	1,000,075
500,000	Term Loan A1	1.557	11/19/12	499,875
1,250,000	Term Loan B1	2.557	11/18/13	1,250,863
750,000	Term Loan B2	3.553	3/31/17	752,051
1,747,229	Health Management Associates, Inc., Term Loan B ^(c)	2.057	2/28/14	1,725,520
				<u>9,709,107</u>
<i>Household Products/Wares—0.6%</i>				
700,000	Reynolds Group Holdings, Inc., Term Loan E	4.250	2/9/18	704,774
<i>Insurance—0.8%</i>				
990,531	Asurion Corp., Term Loan B ^(c)	3.312	7/3/14	987,777
<i>Investment Companies—1.0%</i>				
1,234,746	Royalty Pharma AG, Term Loan B ^(c)	2.557	4/16/13	1,236,296
<i>Leisure Time—1.4%</i>				
1,841,169	Sabre, Inc. ^(c)	2.304	9/30/14	1,673,926
<i>Lodging—4.6%</i>				
Caesars Entertainment Operating Co., Inc.				
1,050,000	Term Loan B1	3.303	1/28/15	985,588
2,900,000	Term Loan B2	3.303	1/28/15	2,722,099
548,259	Term Loan B3	3.307	1/28/15	514,626
Las Vegas Sands, LLC				
1,123,231	Term Loan B-EXT ^{(c)(d)}	—	11/23/16	1,107,084
125,513	Term Loan I-DD-EXT ^{(c)(d)}	—	11/23/16	123,709
				<u>5,453,106</u>
<i>Media—15.0%</i>				
1,747,416	Cengage Learning Acquisitions, Inc. ^(c)	2.500	7/3/14	1,685,164
1,498,701	Cequel Communications, LLC ^(c)	2.260	11/5/13	1,494,850
Charter Communications Operating, LLC				
498,711	Term Loan B1-OLD	2.250	3/6/14	498,973
1,847,854	Term Loan C-EXT ^(c)	3.560	9/6/16	1,856,511
2,450,000	Clear Channel Communications, Inc., Term Loan B ^(c)	3.896	1/28/16	2,185,105
CSC Holdings, Inc.				
1,296,588	Term Loan B2-NEW	2.059	3/29/16	1,303,013
500,000	Term Loan B3 ^(c)		3/29/16	502,465

See Notes to Financial Statements.

Schedule of Investments (Continued)

PowerShares Senior Loan Portfolio

April 30, 2011 (Unaudited)

Principal Amount		Interest Rate	Maturity Date	Value
Senior Floating Rate Loans (Continued)				
	Nielsen Finance, LLC			
\$ 650,000	Term Loan A	2.231%	8/9/13	\$ 648,619
822,927	Term Loan C-EXT	3.759	5/2/16	824,470
1,375,000	SuperMedia, Inc., Term Loan B-EXIT ^(c)	10.853	12/31/15	926,867
3,000,000	Tribune Co., Term Loan B	5.250	6/4/14	2,097,915
997,500	TWCC Holding Corp., Term Loan B	4.250	2/11/17	1,009,415
	Univision Communications, Inc.			
520,385	Term Loan B-NONEXT	2.246	9/29/14	510,467
2,216,430	Term Loan EXT ^(c)	4.496	3/31/17	2,172,211
				17,716,045
<i>Miscellaneous Manufacturing—0.8%</i>				
1,022,582	Harland Clarke Holdings, Corp., Term Loan B	2.807	6/30/14	985,299
<i>Real Estate—1.0%</i>				
	Realogy Corp.			
1,096,973	Term Loan B-EXT ^(c)	4.562	10/10/16	1,035,115
102,876	Term Loan NONEXT ^(c)	4.513	10/10/16	97,075
				1,132,190
<i>Retail—4.4%</i>				
1,183,094	Claire's Stores, Inc., Term Loan B ^(c)	3.054	5/29/14	1,122,733
1,000,000	Dollar General Corp., Term Loan B1 ^(c)	3.054	7/7/14	1,001,500
750,000	Michaels Stores, Inc., Term Loan B1	2.563	10/31/13	745,129
500,000	Neiman Marcus Group, Inc. (The), Term Loan B2	4.310	4/6/16	501,535
498,418	OSI Restaurant Partners, LLC	2.563	6/14/14	489,950
990,000	Petco Animal Supplies, Inc., Term Loan B-NEW	4.500	11/24/17	999,776
510,256	Rite Aid Corp., Term Loan 2	1.970	6/4/14	492,504
				5,353,127
<i>Semiconductors—1.2%</i>				
1,397,895	Freescale Semiconductor, Inc. ^(c)	4.494	12/1/16	1,399,649
<i>Software—5.3%</i>				
	First Data Corp.			
1,924,116	Term Loan B1-OLD ^(c)	3.002	9/24/14	1,830,007
1,860,960	Term Loan B2-OLD ^(c)	3.002	9/24/14	1,771,401
2,250,875	Term Loan B3-OLD ^(c)	3.002	9/24/14	2,142,956
468,043	MSCI, Inc., Term Loan B1	3.750	3/14/17	475,064
				6,219,428
<i>Telecommunications—6.4%</i>				
1,248,049	Avaya, Inc., Term Loan B3-EXT ^(c)	4.811	10/26/17	1,222,183
600,000	Insight Midwest Holdings, LLC, Term Loan B ^(c)		4/7/14	594,810
2,000,000	Intelsat Jackson Holdings S.A., Term Loan B-NEW ^(c)	5.250	4/2/18	2,022,030
1,000,000	Level 3 Financing, Inc., Term Loan A-OLD ^(c)	2.553	3/13/14	987,015
498,750	Syniverse Holdings, Inc., Term Loan NEW	5.250	12/21/17	504,466
	Telesat Canada			
919,711	Term Loan I (Canada) ^(c)	3.250	10/31/14	920,691
79,001	Term Loan II-DD ^(c)	3.250	10/31/14	79,085
600,000	UPC Financing Partnership, Term Loan X	3.744	12/31/17	602,358
750,000	Windstream Corp., Term Loan B2-EXT ^(c)		12/17/15	753,746
				7,686,384
	Total Senior Floating Rate Loans			102,489,633
	(Cost \$102,602,186)			

See Notes to Financial Statements.

Schedule of Investments (Continued)

PowerShares Senior Loan Portfolio

April 30, 2011 (Unaudited)

Number of Shares				Value
Closed-End Funds—7.8%				
15,745	BlackRock Floating Rate Income *			\$ 246,409
18,761	Eaton Vance Senior Floating-Rate Trust *			315,748
301,078	Eaton Vance Senior Income Trust *			2,203,891
171,542	First Trust Senior Floating Rate Income Fund II *			2,643,462
416,670	ING Prime Rate Trust *			2,608,354
98,390	LMP Corporate Loan Fund, Inc. *			1,232,827
	Total Closed-End Funds			<u>9,250,691</u>
	(Cost \$9,146,388)			
Principal Amount		Interest Rate	Maturity Date	
Corporate Bonds—4.4%				
<i>Electric—1.8%</i>				
\$1,250,000	Calpine Corp. ^(e)	7.250%	10/15/17	1,318,750
750,000	Calpine Corp. ^(e)	7.875	1/15/23	799,688
				<u>2,118,438</u>
<i>Household Products/Wares—1.3%</i>				
1,500,000	Reynolds Group Holdings Ltd., ^(e)	7.125	4/15/19	1,571,250
<i>Packaging & Containers—1.3%</i>				
1,500,000	Berry Plastics Corp. ^(f)	5.028	2/15/15	1,485,000
	Total Corporate Bonds			<u>5,174,688</u>
	(Cost \$5,137,715)			
Number of Shares				
Money Market Fund—14.4%				
16,942,874	Bank of New York (The) Cash Reserve ^(g)			16,942,874
	(Cost \$16,942,874)			
	Total Investments			133,857,886
	(Cost \$133,829,163)—113.4%			<u>(15,798,186)</u>
	Liabilities in excess of other assets—(13.4)%			<u>\$118,059,700</u>
	Net Assets—100.0%			

Notes to Schedule of Investments:

- ^(a) Senior secured corporate loans and senior secured debt securities are, at present, not readily marketable, not registered under the Securities Act of 1933, as amended and may be subject to contractual and legal restrictions on sale. Senior secured corporate loans and senior secured debt securities in the Fund's portfolio generally have variable rates which adjust to a base, such as the London Inter-Bank Offered Rate ("LIBOR"), on set dates, typically every 30 days but not greater than one year, and/or have interest rates that float at a margin above a widely recognized base lending rate such as the Prime Rate of a designed U.S. bank.
- ^(b) Senior secured floating rate interests often require prepayments from excess cash flow or permit the borrower to repay at its election. The degree to which borrowers repay, whether as a contractual requirement or at their election, cannot be predicted with accuracy. As a result, the actual remaining maturity may be substantially less than the stated maturities shown. However, it is anticipated that the senior secured floating rate interests will have an expected average life of three to five years.
- ^(c) All or a portion of this holding is subject to unfunded loan commitments. See Note 7.
- ^(d) This floating rate interest will settle after April 30, 2011, at which time the interest rate will be determined.
- ^(e) Security purchased or received in a transaction exempt from registration under the Securities Act of 1933, as amended. The security may be resold pursuant to an exemption from registration under the 1933 Act, typically to qualified institutional buyers. The aggregate value of these securities at April 30, 2011 was \$3,689,688, which represented 3.00% of the Fund's Net Assets.
- ^(f) Interest or dividend rate is redetermined periodically. Rate shown is the rate in effect on April 30, 2011.
- ^(g) Security is considered a cash equivalent for the purpose of the Statement of Cash Flows. See Note 2C.
- * Non-income producing security.

See Notes to Financial Statements.

Statement of Assets and Liabilities

PowerShares Senior Loan Portfolio

April 30, 2011 (Unaudited)

ASSETS:

Investments, at value	\$133,857,886
Receivables:	
Investments sold	80,086,182
Shares sold	12,616,111
Interest	174,919
Total Assets	<u>226,735,098</u>

LIABILITIES:

Due to custodian	789,736
Payables:	
Investments purchased	107,836,871
Accrued advisory fees	48,791
Total Liabilities	<u>108,675,398</u>

NET ASSETS \$118,059,700

NET ASSETS CONSIST OF:

Shares of beneficial interest	\$117,799,752
Undistributed net investment income	225,934
Undistributed net realized gain	5,291
Net unrealized appreciation	28,723

Net Assets \$118,059,700

Shares outstanding (unlimited amount authorized, \$0.01 par value)	4,700,100
Net asset value	<u>\$ 25.12</u>

Share price	<u>\$ 25.28</u>
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Investments, at cost	<u><u>\$133,829,163</u></u>
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See Notes to Financial Statements.

Statement of Operations

PowerShares Senior Loan Portfolio

For the Period March 1, 2011* through April 30, 2011 (Unaudited)

INVESTMENT INCOME:

Interest income	\$424,235
Dividend income	<u>58,440</u>
Total Income	<u>482,675</u>

EXPENSES:

Advisory fees	<u>80,871</u>
Total Expenses	<u>80,871</u>
Net Investment Income	<u>401,804</u>

REALIZED AND UNREALIZED GAIN ON:

Net realized gain	5,291
Net unrealized appreciation	<u>28,723</u>
Net realized and unrealized gain	<u>34,014</u>
Net increase in net assets resulting from operations	<u><u>\$435,818</u></u>

* Commencement of Investment Operations.

See Notes to Financial Statements.

Statement of Changes in Net Assets

PowerShares Senior Loan Portfolio

	For the Period March 1, 2011* through April 30, 2011 (Unaudited)
OPERATIONS:	
Net investment income	\$ 401,804
Net realized gain	5,291
Net unrealized appreciation	<u>28,723</u>
Net increase in net assets resulting from operations	435,818
Undistributed net investment income included in the price of units issued and redeemed	<u>111,060</u>
DISTRIBUTIONS TO SHAREHOLDERS FROM:	
Net investment income	<u>(286,930)</u>
SHAREHOLDER TRANSACTIONS:	
Proceeds from shares sold	117,910,812
Net income equalization	<u>(111,060)</u>
Net increase in net assets resulting from shares transactions	117,799,752
Increase in Net Assets	<u>118,059,700</u>
NET ASSETS:	
Beginning of period	<u>—</u>
End of period	<u>118,059,700</u>
Undistributed net investment income at end of period	<u>\$ 225,934</u>
CHANGES IN SHARES OUTSTANDING:	
Shares sold	4,700,100
Shares repurchased	—
Shares outstanding, beginning of period	<u>—</u>
Shares outstanding, end of period	<u>4,700,100</u>

* Commencement of Investment Operations.

See Notes to Financial Statements.

Statement of Cash Flows

PowerShares Senior Loan Portfolio

For the Period March 1, 2011* through April 30, 2011 (Unaudited)

CASH PROVIDED BY OPERATING ACTIVITIES

Net increase in net assets resulting from operations \$ 435,818

ADJUSTMENTS TO RECONCILE NET INCREASE IN NET ASSETS TO

NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:

Purchases of investments (202,453,611)
Proceeds from disposition of investments sold 85,644,481
Increase in receivables (92,877,212)
Amortization of premiums and accretion of discounts on investment securities (71,868)
Increase in payables and accrued expenses 107,885,662
Unrealized appreciation on investments (28,723)
Net realized gain from investments securities (5,291)
Net cash provided by (used in) operating activities (101,470,744)

CASH PROVIDED BY FINANCING ACTIVITIES

Dividends paid to shareholders (286,930)
Proceeds from shares of beneficial interest sold 117,910,812
Increase in payable for amount due to custodian 789,736
Net cash provided by financing activities 118,413,618
Net increase in cash and cash equivalents 16,942,874
Cash and cash equivalents at beginning of period —
Cash and cash equivalents at end of period \$ 16,942,874

* Commencement of Investment Operations.

See Notes to Financial Statements.

Financial Highlights

PowerShares Senior Loan Portfolio

For the Period
March 1, 2011*
through
April 30, 2011
(Unaudited)

PER SHARE OPERATING PERFORMANCE:

Net asset value at beginning of period	\$ 25.00
Net investment income**	0.11
Net realized and unrealized gain on investments	0.08
Total from investment operations	<u>0.19</u>
Distributions to shareholders from:	
Net investment income	(0.07)
Net asset value at end of period	<u>\$ 25.12</u>
Share price at end of period***	<u>\$ 25.28</u>
NET ASSET VALUE, TOTAL RETURN****	0.77% ^(a)
SHARE PRICE TOTAL RETURN****	1.42% ^(a)
RATIOS/SUPPLEMENTAL DATA:	
Net assets at end of period (000's omitted)	\$118,060
Ratio to average net assets of:	
Expenses>	0.63%†
Net investment income	3.12%†
Portfolio turnover rate ††	92%
Undistributed net investment income included in price of units issued and redeemed**#.	\$ 0.03

* Commencement of Investment Operations.

** Based on average shares outstanding.

*** The mean between the last bid and ask prices.

**** Net asset value total return is calculated assuming an initial investment made at the net asset value at the beginning of the period, reinvestment of all dividends and distributions at net asset value during the period, and redemption on the last day of the period. Share price total return is calculated assuming an initial investment made at the share price at the beginning of the period, reinvestment of all dividends and distributions at share price during the period, and the sale at the share price on the last day of the period. Total investment returns calculated for a period of less than one year are not annualized.

> In addition to the fees and expenses which the Fund bears directly, the Fund indirectly bears a pro rata share of the fees and expenses of the investment companies in which the Fund invests. The effects of the investment companies' expenses are included in the Fund's total return.

† Annualized.

†† Portfolio turnover rate is not annualized.

The per share amount of equalization is presented to show the impact of equalization on distributable earnings per share.

(a) The net asset value total return from Fund Inception (March 3, 2011, first day of trading on the Exchange) to April 30, 2011 was 1.06%. The share price total return from Fund Inception to April 30, 2011 was 1.13%.

See Notes to Financial Statements.

Notes to Financial Statements

PowerShares Exchange-Traded Fund Trust II

April 30, 2011 (Unaudited)

Note 1. Organization

PowerShares Exchange-Traded Fund Trust II (the “Trust”) was organized as a Massachusetts business trust on October 10, 2006 and is authorized to have multiple series of portfolios. The Trust is an open-end management investment company registered under the Investment Company Act of 1940, as amended (the “1940 Act”). As of April 30, 2011, the Trust offered forty-five portfolios. This report includes the following portfolio:

<u>Full Name</u>	<u>Short Name</u>
PowerShares Senior Loan Portfolio	Senior Loan Portfolio

The portfolio (the “Fund”) represents a separate series of the Trust. The shares of the Fund are referred to herein as “Shares” or “Fund’s Shares.” The Fund’s Shares are listed and traded on the NYSE Arca, Inc.

The Fund’s market price may differ to some degree from the net asset value (“NAV”) of the Fund’s Shares. Unlike conventional mutual funds, the Fund issues and redeems Shares on a continuous basis, at NAV, only in a large specified number of Shares, each called a “Creation Unit.” Creation Units are issued and redeemed generally for cash only. Except when aggregated in Creation Units by Authorized Participants, the Shares are not individually redeemable securities of the Fund.

The investment objective of the Fund is to seek 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”).

Note 2. Significant Accounting Policies

The preparation of the financial statements in accordance with Generally Accepted Accounting Principles (“GAAP”) in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements, including estimates and assumptions related to taxation. Actual results could differ from these estimates. In addition, the Fund monitors for material events or transactions that may occur or become known after the period-end date and before the date the financial statements are released to print.

A. Security Valuation

Senior secured floating rate loans and senior secured floating rate debt securities are fair valued using an evaluated quote provided by an independent pricing service. Evaluated quotes provided by the pricing service may reflect appropriate factors such as ratings, tranche type, industry, company performance, spread, individual trading characteristics, institution-size trading in similar groups of securities and other market data.

Securities, including restricted securities, are generally valued according to the following policies. A security listed or traded on an exchange (except convertible bonds) is valued at its last sales price or official closing price as of the close of the customary trading session on the exchange where the security is principally traded, or lacking any sales or official closing price on a particular day, the security may be valued at the closing bid price on that day. Securities traded in the over-the-counter market are valued based on prices furnished by independent pricing services or market makers. Listed options, if no closing price is available, are valued at the mean between the last bid and ask prices from the exchange on which

Notes to Financial Statements (Continued)

PowerShares Exchange-Traded Fund Trust II

April 30, 2011 (Unaudited)

they are principally traded. Options not listed on an exchange are valued by an independent source at the mean between the last bid and ask prices.

Investments in open-end registered investment companies not traded on an exchange are valued at the end of day NAV per share.

Debt obligations (including convertible bonds) and unlisted equities are fair valued using an evaluated quote provided by an independent pricing service. Evaluated quotes provided by the pricing service may be determined without exclusive reliance on quoted prices, and may reflect appropriate factors such as institution-size trading in similar groups of securities, developments related to specific securities, dividend rate, yield, quality, type of issue, coupon rate, maturity, individual trading characteristics and other market data. Short-term obligations, including commercial paper, having 60 days or less to maturity are recorded at amortized cost which approximates value. Securities with a demand feature exercisable with one to seven days are valued at par. Debt securities are subject to interest rate and credit risks. In addition, all debt securities involve some risk of default with respect to interest and/or principal payments.

Foreign securities (including foreign exchange contracts) are converted into U.S. dollar amounts using the applicable exchange rates as of the close of the London world markets. If market quotations are available and reliable for foreign exchange traded equity securities, the securities will be valued at the market quotations. Because trading hours for certain foreign securities end before the close of the New York Stock Exchange ("NYSE"), closing market quotations may become unreliable. If between the time trading ends on a particular security and the close of the customary trading session on the NYSE, events occur that are significant and make the closing price unreliable, the Fund may fair value the security. If the event is likely to have affected the closing price of the security, the security will be valued at fair value in good faith using procedures approved by the Board of Trustees. Adjustments to closing prices to reflect fair value may also be based on a screening process of an independent pricing service to indicate the degree of certainty, based on historical data, that the closing price in the principal market where a foreign security trades is not the current value as of the close of the NYSE. Foreign securities meeting the approved degree of certainty that the price is not reflective of current value will be priced at the indication of fair value from the independent pricing service. Multiple factors may be considered by the independent pricing service in determining adjustments to reflect fair value and may include information relating to sector indices, American depository receipts and domestic and foreign index futures. Foreign securities may have additional risks including exchange rate changes, potential for sharply devalued currencies and high inflation, political and economic upheaval, the relative lack of issuer information, relatively low market liquidity and the potential lack of strict financial and accounting controls and standards.

Securities for which market prices are not provided by any of the above methods may be valued based upon quotes furnished by independent sources.

Securities for which market quotations are not readily available or are unreliable are valued at fair value as determined in good faith by or under the supervision of the Trust's officers following procedures approved by the Board of Trustees. Issuer specific events, market trends, bid/ask quotes of brokers and information providers and other market data may be reviewed in the course of making a good faith determination of a security's fair value.

Valuations change in response to many factors including the historical and prospective earnings of the issuer, the value of the issuer's assets, general economic conditions, interest rates, investor perceptions and

Notes to Financial Statements (Continued)

PowerShares Exchange-Traded Fund Trust II

April 30, 2011 (Unaudited)

market liquidity. Because of the inherent uncertainties of valuation, the values reflected in the financial statements may materially differ from the value received upon actual sale of those investments.

B. Other Risks

Risk of Investing in Loans. 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. Default in the payment of interest or principal on a loan will result in a reduction in the value of the loan and consequently a reduction in the value of the Fund's investments and a potential decrease in the NAV of the Fund. There can be no assurance that the collateral for a loan would satisfy the borrower's obligation in the event of non-payment of scheduled interest or principal or that such collateral could be readily liquidated. In the event of the bankruptcy of a borrower, the Fund's access to the collateral may be limited by bankruptcy or other insolvency laws and, therefore, the Fund could experience delays or limitations with respect to its ability to realize the benefits of the collateral securing a loan.

There is no organized exchange on which loans are traded and reliable market quotations may not be readily available. Therefore, the Fund may not realize full value in the event of the need to sell a loan. Some loans are subject to the risk that a court, pursuant to fraudulent conveyance or other similar laws, could subordinate the loans to presently existing or future indebtedness of the borrower or take other action detrimental to lenders, including the Fund, such as invalidation of loans or causing interest previously paid to be refunded to the borrower. Investments in loans are also subject to the risk of changes in legislation or state or federal regulations, which may adversely affect the availability of loans for investment. Generally there is less readily available, reliable information about most loans than is the case for many other types of securities. From time to time, one or more of the factors described above may create volatility in the markets for debt instruments and decrease the liquidity of the loan market.

Non-Investment Grade Securities Risk. Non-investment grade loans and bonds, and unrated loans and bonds of comparable credit quality are subject to the increased risk of a borrower's or issuer's inability to meet principal and interest payment obligations. These securities may be subject to greater price volatility due to such factors as specific corporate developments, interest rate sensitivity, negative perceptions of the non-investment grade securities markets generally, real or perceived adverse economic and competitive industry conditions and less secondary market liquidity. If the borrower of lower-rated loans or issuer of lower-rated bonds defaults, the Fund may incur additional expenses to seek recovery.

Reinvestment Risk. 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. Reinvestment risk is greater on short to intermediate-term loans.

Risks of Loan Assignments and Participations. As the purchaser of an assignment, the Fund typically succeeds to all the rights and obligations of the assigning institution and becomes a lender under the credit agreement with respect to the debt obligation; however, the Fund may not be able to unilaterally enforce all rights and remedies under the loan and with regard to any associated collateral. Because assignments may be arranged through private negotiations between potential assignees and potential assignors, the rights and obligations acquired by the Fund as the purchaser of an assignment may differ from, and be

Notes to Financial Statements (Continued)

PowerShares Exchange-Traded Fund Trust II

April 30, 2011 (Unaudited)

more limited than, those held by the assigning lender. In addition, if the loan is foreclosed, the Fund could become part owner of any collateral and could bear the costs and liabilities of owning and disposing of the collateral. The Fund may be required to pass along to a purchaser that buys a loan from the Fund by way of assignment a portion of any fees to which the Fund is entitled under the loan. In connection with purchasing participations, the Fund generally will have no right to enforce compliance by the borrower with the terms of the loan agreement relating to the loan, nor any rights of set-off against the borrower, and the Fund may not directly benefit from any collateral supporting the loan in which it has purchased the participation. As a result, 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 a general creditor of the lender and may not benefit from any set-off between the lender and the borrower.

Risks of Investing in Closed-End Funds. The shares of closed-end funds may trade at a discount or premium to, or at, their NAV. To the extent that the Fund invests a portion of its assets in closed-end funds, those assets will be subject to the risks of the closed-end fund's portfolio securities, and a shareholder in the Fund will bear not only his or her proportionate share of the expenses of the Fund, but also, indirectly, the expenses of the closed-end fund. The securities of closed-end funds in which the Fund may invest may be leveraged. As a result, the Fund may be indirectly exposed to leverage through an investment in such securities.

Cash Transaction Risk. Unlike most exchange-traded funds ("ETFs"), the Fund currently effects creations and redemptions principally for cash and partially in-kind, rather than primarily in-kind, because of the nature of the Fund's investments. As such, investments in the Fund's Shares may be less tax efficient than investments in conventional ETFs.

Non-Diversified Fund Risk. The Fund is considered non-diversified and can invest a greater portion of its assets in securities of individual issuers than a diversified fund. As a result, changes in the market value of a single investment could cause greater fluctuations in Share price than would occur in a diversified fund.

Non-Correlation and Sampling Risks. The Fund's return may not match the return of its Underlying Index for a number of reasons. For example, the Fund incurs operating expenses not applicable to its Underlying Index, and incurs costs in buying and selling securities, especially when rebalancing the securities holdings to reflect changes in the composition of its Underlying Index. In addition, the performance of the Fund and its Underlying Index may vary due to asset valuation differences and differences between the Fund's portfolio and its Underlying Index resulting from legal restrictions, cost or liquidity constraints. The Fund's use of a representative sampling approach will result in the Fund holding a smaller number of securities than are in its Underlying Index. As a result, an adverse development respecting an issuer of securities held by the Fund could result in a greater decline in net asset values than would be the case if the Fund held all of the securities in its Underlying Index. To the extent the assets in the Fund are smaller, these risks will be greater.

C. Cash and Cash Equivalents

For the purposes of the Statement of Cash Flows, the Fund defines Cash and Cash Equivalents as cash (including foreign currency), money market funds and other investments held in lieu of cash and excludes investments made with cash collateral received.

Notes to Financial Statements (Continued)

PowerShares Exchange-Traded Fund Trust II

April 30, 2011 (Unaudited)

D. Securities Purchased on a When-Issued and Delayed Delivery Basis

The Fund may purchase and sell interests in Corporate Loans and Corporate Debt Securities and other portfolio securities on a when-issued and delayed delivery basis, with payment and delivery scheduled for a future date. No income accrues to the Fund on such interests or securities in connection with such transactions prior to the date the Fund actually takes delivery of such interests or securities. These transactions are subject to market fluctuations and are subject to the risk that the value at delivery may be more or less than the trade date purchase price. Although the Fund will generally purchase these securities with the intention of acquiring such securities, they may sell such securities prior to the settlement date.

E. Federal Income Taxes

The Fund intends to comply with the provisions of the Internal Revenue Code applicable to regulated investment companies and to distribute substantially all of the Fund's taxable earnings to its shareholders. As such, the Fund will not be subject to Federal income taxes on otherwise taxable income (including net realized gains) that is distributed to the shareholders. Therefore, no provision for Federal income taxes is recorded in the financial statements.

Income and capital gain distributions are determined in accordance with Federal income tax regulations, which may differ from GAAP. These differences are primarily due to differing book and tax treatments for losses deferred due to wash sales and passive foreign investment company adjustments, if any.

The Fund files tax returns in the United States Federal jurisdiction and certain other jurisdictions. Generally, a Fund is subject to examinations by such taxing authorities for up to three years after the filing of the return for the tax period.

F. Investment Income and Investment Transactions

Dividend income is recorded on the ex-dividend date net of foreign taxes withheld, if any. Interest income is recorded on the accrual basis. Bond premiums and discounts are amortized and/or accreted for financial reporting purposes. Investment transactions are recorded on the trade date. Realized gains and losses from the sale or disposition of securities are calculated on the specific identified cost basis. Dividends and interest received by a Fund may give rise to withholding and other taxes imposed by foreign countries. Corporate actions (including cash dividends) are recorded net of non-reclaimable foreign tax withholdings on the ex-dividend date. Tax conventions between certain countries and the United States may reduce or eliminate such taxes.

G. Expenses

The Fund has agreed to pay an annual unitary management fee to Invesco PowerShares Capital Management LLC (the "Adviser"). The Adviser has agreed to pay substantially all expenses of the Fund, including the payments to the Sub-Adviser, set-up fees and commitment fees associated with the line of credit and the cost of transfer agency, custody, fund administration, legal, audit and other services, except for distribution fees, if any, brokerage expenses, taxes, interest (including interest expenses associated with the line of credit), litigation expenses, expenses of the underlying funds that are paid indirectly as a result of share ownership of the investment companies and other extraordinary expenses.

Expenses included in the accompanying financial statements reflect the expenses of the Fund and do not include any expenses of the investment companies in which it invests. The effects of the investment

Notes to Financial Statements (Continued)

PowerShares Exchange-Traded Fund Trust II

April 30, 2011 (Unaudited)

companies' expenses are included in the realized and unrealized gain/loss on the investments in the investment companies.

H. Dividends and Distributions to Shareholders

The Fund declares and pays dividends from net investment income, if any, to its shareholders monthly and records on ex-dividend date. The Fund distributes net realized taxable capital gains, if any, generally annually in cash and records them on ex-dividend date. Such distributions on a tax basis are determined in conformity with income tax regulations which may differ from GAAP. Distributions in excess of tax basis earnings and profits, if any, are reported in the Fund's financial statements as a tax return of capital at fiscal period-end.

I. Equalization

The Fund uses the accounting practice of equalization. This accounting method is used to keep the continuing shareholder's per Share equity in undistributed net investment income from being affected by the continuous sales and redemptions of capital Shares. Equalization is calculated on a per Share basis whereby a portion of the proceeds from the sales and cost of repurchases of capital Shares is applied to undistributed net investment income. The amount of equalization is disclosed in the Statements of Changes in Net Assets as undistributed net investment income (loss) included in the price of capital Shares issued or redeemed. The distributions to shareholders of amounts so applied may be deemed to be a return of capital for tax purposes to the extent that such distributions exceed taxable income.

Note 3. Investment Advisory Agreement and Other Agreements

The Trust has entered into an Investment Advisory Agreement with the Adviser pursuant to which the Adviser has overall responsibility as the Fund's investment adviser for the selection and ongoing monitoring of the Fund's investments, managing the Fund's business affairs and providing certain clerical, bookkeeping and other administrative services. As compensation for its services, the Fund has agreed to pay the Adviser an annual unitary management fee of 0.75% of the Fund's average daily net assets. The Adviser has agreed to waive 0.10% of its unitary management fee until April 20, 2012. The Adviser has agreed to pay substantially all expenses of the Fund, including payments to the Sub-Adviser, set-up fees and commitment fees associated with the line of credit and the cost of transfer agency, custody, fund administration, legal, audit and other services, except for distribution fees, if any, brokerage expenses, taxes, interest (including interest expenses associated with the line of credit), litigation expenses, expenses of the underlying funds that are paid indirectly as a result of share ownership of the investment companies and other extraordinary expenses.

The Adviser has entered into a sub-advisory agreement with Invesco Senior Secured Management Inc. (the "Sub-Adviser"), the primary sub-adviser to the Fund. The sub-advisory fee is paid by the Adviser to the Sub-Adviser at the annual rate of 40% of compensation paid to the Adviser.

The Trust has entered into a Distribution Agreement with Invesco Distributors, Inc. (the "Distributor"), which serves as the distributor of Creation Units for the Fund. The Distributor does not maintain a secondary market in the Shares. The Distributor is an affiliate of the Adviser.

The Adviser has entered into a licensing agreement for the Fund with Standard & Poor's (the "Licensor"). The Underlying Index name trademark is owned by the Licensor. This trademark has been licensed to the Adviser for use with the Fund. The Fund is not sponsored, endorsed, sold or promoted by the Licensor

Notes to Financial Statements (Continued)

PowerShares Exchange-Traded Fund Trust II

April 30, 2011 (Unaudited)

and the Licensor makes no representation regarding the advisability of investing in the Fund. The Trust has entered into a sub-licensing agreement under which the Fund may track its respective Index.

The Trust has entered into service agreements whereby The Bank of New York Mellon, a wholly-owned subsidiary of The Bank of New York Mellon Corporation, serves as the administrator, custodian, fund accountant and transfer agent for the Fund.

Note 4. Additional Valuation Information

GAAP defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, under current market conditions. GAAP establishes a hierarchy that prioritizes the inputs to valuation methods giving the highest priority to readily available unadjusted quoted prices in an active market for identical assets (Level 1) and the lowest priority to significant unobservable inputs (Level 3) generally when market prices are not readily available or are unreliable. Based on the valuation inputs, the securities or other investments are tiered into one of three levels. Changes in valuation methods may result in transfers in or out of an investment's assigned level:

Level 1 – Prices are determined using quoted prices in an active market for identical assets.

Level 2 – Prices are determined using other significant observable inputs. Observable inputs are inputs that other market participants may use in pricing a security. These may include quoted prices for similar securities, interest rates, prepayment speeds, credit risk, yield curves, loss severities, default rates, discount rates, volatilities and others.

Level 3 – Prices are determined using significant unobservable inputs. In situations where quoted prices or observable inputs are unavailable (for example, when there is little or no market activity for an investment at the end of the period), unobservable inputs may be used. Unobservable inputs reflect the Fund's own assumptions about the factors market participants would use in determining fair value of the securities or instruments and would be based on the best available information.

The following is a summary of the tiered valuation input levels, as of April 30, 2011. The level assigned to the securities valuations may not be an indication of the risk or liquidity associated with investing in those securities. Because of the inherent uncertainties of valuation, the values reflected in the financial statements may materially differ from the value received upon actual sale of those investments.

During the period ended April 30, 2011, there were no significant transfers between investment levels.

	Investment in Securities			Total
	Level 1	Level 2	Level 3	
Closed-End Funds	\$ 9,250,691	\$ —	\$—	\$ 9,250,691
Corporate Debt Securities	—	107,664,321	—	107,664,321
Money Market Fund	16,942,874	—	—	16,942,874
Total Investments	<u>\$26,193,565</u>	<u>\$107,664,321</u>	<u>\$—</u>	<u>\$133,857,886</u>

Notes to Financial Statements (Continued)

PowerShares Exchange-Traded Fund Trust II

April 30, 2011 (Unaudited)

Note 5. Tax Information

The amount and character of income and gains to be distributed are determined in accordance with income tax regulations, which may differ from GAAP. Reclassifications are made to the Fund's capital accounts to reflect income and gains available for distribution (or available capital loss carryforward) under income tax regulations. The tax character of distributions paid during the year and the tax components of net assets will be reported at the Fund's fiscal year-end.

Note 6. Investment Transactions

The aggregate amount of investment securities purchased and sold by the Fund during the period ended April 30, 2011 was \$202,453,611 and \$85,644,481, respectively.

Unrealized Appreciation (Depreciation) of Investment Securities on a Tax Basis

Aggregate unrealized appreciation of investment securities	\$ 449,013
Aggregate unrealized (depreciation) of investment securities	(420,290)
Net unrealized appreciation of investment securities	\$ 28,723

Cost of investments for tax and financial reporting purposes is \$133,829,163.

Note 7. Unfunded Loan Commitments

As of April 30, 2011, the Fund had unfunded loan commitments of \$27,667,661, which could be extended at the option of the borrower, pursuant to the following loan agreements with the following borrowers:

<u>Borrower</u>		<u>Unfunded Commitments</u>
Allison Transmission, Inc.	Term Loan B	\$ 500,507
AGFS Funding Co.	Term Loan NEW	1,002,410
Asurion Corp.	Term Loan B	498,610
Avaya, Inc.	Term Loan B3-EXT	489,637
Biomet, Inc.	Term Loan B	500,235
Cengage Learning Acquisitions, Inc.	Term Loan	723,281
Cequel Communications, LLC	Term Loan	997,430
Charter Communications Operating, LLC	Term Loan C-EXT	502,342
Claire's Stores Inc.	Term Loan B	711,735
Clear Channel Communications, Inc.	Term Loan B	891,880
CHS/Community Health Systems, Inc.	Term Loan EXT	492,415
CSC Holdings, Inc.	Term Loan B3	502,465
DaVita Inc.	Term Loan B-NEW	505,037
Dollar General Corp.	Term Loan B1	500,750
Federal-Mogul Corp.	Term Loan C-EXIT	330,145
Federal-Mogul Corp.	Term Loan B-EXIT	647,085
Fifth Third Processing Solutions, Inc.	Term Loan B	504,805
First Data Corp.	Term Loan B1-OLD	713,318
First Data Corp.	Term loan B2-OLD	833,307
First Data Corp.	Term Loan B3-OLD	1,428,083
Freescale Semiconductor, Inc.	Term Loan	750,941
Georgia-Pacific, LLC	Term Loan B1-OLD	500,698

Notes to Financial Statements (Continued)

PowerShares Exchange-Traded Fund Trust II

April 30, 2011 (Unaudited)

<u>Borrower</u>		<u>Unfunded Commitments</u>
Getty Images, Inc.	Term Loan B	\$ 506,328
Goodman Global, Inc.	Term Loan B-NEW	504,930
Hawker Beechcraft Acquisition Co. LLC	Term Loan	18,005
Hawker Beechcraft Acquisition Co. LLC	Term Loan OLD	291,162
Health Management Associates, Inc.	Term Loan B	740,681
Hertz Corp.(The)	Term Loan	1,010,110
Insight Midwest Holdings, LLC	Term Loan B	594,810
Intelsat Jackson Holdings S.A.	Term Loan B-NEW	505,508
Las Vegas Sands, LLC	Term Loan I-DD-EXT	123,709
Las Vegas Sands, LLC	Term Loan B-EXT	1,107,084
Level 3 Financing, Inc	Term Loan A-OLD	493,508
Pinafore, LLC	Term Loan B-NEW	505,265
RH Donnelley, Inc.	Term Loan D3-EXIT	237,084
Realogy Corp.	Term Loan NONEXT	40,453
Realogy Corp.	Term Loan B-EXT	431,352
Royalty Pharma AG	Term Loan B	750,941
Sabre, Inc.	Term Loan	454,583
ServiceMaster Co.(The)	Term Loan DD	66,967
ServiceMaster Co.(The)	Term Loan B	672,462
SunGard Data Systems Inc.	Term Loan A-NONEXT	493,250
SuperMedia Inc.	Term Loan B-EXIT	438,155
Telesat Canada	Term Loan I(Canada)	460,939
Telesat Canada	Term Loan II-DD	39,593
Texas Competitive Electric Holdings Co. LLC	Term Loan B1	258,539
Texas Competitive Electric Holdings Co. LLC	Term loan B2	648,023
Univision Communications Inc.	Term Loan EXT	490,025
Visant Corp.	Term Loan	503,333
Windstream Corp.	Term Loan B2-EXT	753,746
		<u>\$27,667,661</u>

Note 8. Trustees' Fees

The Funds compensate each Trustee who is not an “interested person” as defined in the 1940 Act (an “Independent Trustee”). The Adviser, as a result of the unitary management fee, pays for such compensation. The Non-Independent Trustees of the Trust do not receive any Trustees’ fees.

The Trust has adopted a deferred compensation plan (the “Plan”). Under the Plan, an Independent Trustee who has executed a Deferred Fee Agreement (a “Participating Trustee”) may defer receipt of all or a portion of his compensation (“Deferral Fees”). Such Deferral Fees are deemed to be invested in select PowerShares Funds. The Deferral Fees payable to the Participating Trustee are valued as of the date such Fees would have been paid to the Participating Trustee. The value increases with contributions or with increases in the value of the Shares selected, and the value decreases with distributions or with declines in the value of the Shares selected.

Notes to Financial Statements (Continued)

PowerShares Exchange-Traded Fund Trust II

April 30, 2011 *(Unaudited)*

Note 9. Capital

Shares are created and redeemed by the Trust only in Creation Unit size aggregations of 100,000 Shares. Only Authorized Participants are permitted to purchase or redeem Creation Units from the Fund. Unlike most exchange-traded funds (“ETFs”), the Fund currently effects creations and redemptions principally for cash, rather than primarily in-kind because of the nature of the Fund’s investments. As such, investments in Shares may be less tax efficient than investments in conventional ETFs.

The Fund charges fixed and variable transaction fees for creations and redemptions which are treated as increases in capital.

Note 10. Indemnifications

Under the Trust’s organizational documents, its officers and Trustees are indemnified against certain liabilities arising out of the performance of their duties to the Trust. Each Independent Trustee is also indemnified against certain liabilities arising out of the performance of his duties to the Trust pursuant to an Indemnification Agreement between the Independent Trustee and the Trust. Additionally, in the normal course of business, the Trust enters into contracts with service providers that contain general indemnification clauses. The Trust’s maximum exposure under these arrangements is unknown, as this would involve future claims that may be made against the Trust that have not yet occurred. However, based on experience, the Trust believes the risk of loss to be remote.

Board Considerations Regarding Approval of Investment Advisory and Sub-Advisory Agreements

At a meeting held on January 18, 2011, the Board of Trustees of the PowerShares Exchange-Traded Fund Trust II (the “Trust”), including the Independent Trustees, approved for the PowerShares Senior Loan Portfolio (the “Fund”) the Investment Advisory Agreement between the Trust and Invesco PowerShares Capital Management LLC (the “Adviser”) and the Investment Sub-Advisory Agreement (the “Sub-Advisory Agreement”) between the Adviser and the following eight affiliated sub-advisers (each, a “Sub-Adviser” and collectively, the “Sub-Advisers”): Invesco Advisers, Inc.; Invesco Asset Management Deutschland, GmbH; Invesco Asset Management Ltd.; Invesco Asset Management (Japan) Limited; Invesco Australia Limited; Invesco Hong Kong Limited; Invesco Senior Secured Management, Inc. (“ISSM”); and Invesco Trimark Ltd.

The Trustees considered that the Sub-Advisers serve as sub-advisers for other exchange-traded funds (“ETFs”) managed by the Adviser, and that as part of their annual contract renewal process, they had renewed the investment sub-advisory agreement for those funds following a multi-month review process that concluded at their April 2010 meeting. The Trustees also considered that the Trust’s Chief Compliance Officer had represented that the information provided with respect to the Sub-Advisers, and particularly with respect to ISSM, whose portfolio managers would be primarily responsible for day-to-day management of the Fund’s portfolio, in connection with that contract renewal meeting had not changed materially.

In approving the Investment Advisory and Sub-Advisory Agreements, the Trustees considered: (i) the nature, extent and quality of services to be provided, (ii) the cost of services to be provided, (iii) the extent to which economies of scale may be realized as the Fund grows, (iv) whether the fee level reflects any possible economies of scale for the benefit of Fund shareholders, (v) comparisons of services rendered and amounts paid to other registered investment companies and (vi) any benefits to be realized by the Adviser and the Sub-Advisers from their relationship with the Fund. Based on all of the information considered and the conclusions reached, the Board, including the Independent Trustees, determined to approve the Investment Advisory and Sub-Advisory Agreement for the Fund. No single factor was determinative in the Board’s analysis.

Nature, Extent and Quality of Services. The Trustees considered the nature, extent and quality of services to be provided under the Investment Advisory and Sub-Advisory Agreement. In evaluating the nature, extent and quality of the Adviser’s services, the Trustees reviewed information concerning the functions to be performed by the Adviser for the Fund, information describing the Adviser’s current organization and staffing, including operations assistance provided by the Adviser’s parent organization, Invesco Ltd., and considered the quality of services provided by the Adviser to other ETFs. The Trustees also reviewed reports on the correlation and tracking error between the underlying indexes and the performance of other ETFs for which the Adviser serves as investment adviser.

The Trustees also considered the services to be provided by the Adviser in its oversight of the Fund’s administrator, custodian, transfer agent and the Sub-Advisers. They noted the significant amount of time and effort that had been devoted to this oversight function for the other ETFs and that was expected to be provided for the Fund. The Trustees noted that the Adviser is responsible for overseeing the Fund’s operations and management, including trade execution.

The Board considered the benefits described by the Adviser in having multiple affiliated Sub-Advisers. The Board noted that the Sub-Advisory Agreement will provide flexibility to access a broad talent base of portfolio managers and facilitate Invesco’s global trading desk strategy. The Board reviewed the

Board Considerations Regarding Approval of Investment Advisory and Sub-Advisory Agreements (Continued)

qualifications and background of ISSM's portfolio managers and noted the qualifications and background of the other Sub-Advisers and the resources made available to the Sub-Advisers' personnel.

Based on their review, the Trustees concluded that the nature and extent of services to be provided under the Advisory and Sub-Advisory Agreements were expected to be appropriate and reasonable.

Fees, Expenses and Profitability. The Trustees reviewed and discussed the information provided by the Adviser and the Sub-Advisers on the proposed advisory fee and on the sub-advisory fee rate under the Sub-Advisory Agreement. The Trustees noted the Adviser's statement that the Fund would be the first ETF investing in bank loans and the comparison of the proposed advisory fee to the expense ratios of a comparable peer group of funds investing in bank loans or other leveraged or floating-rate loans. The Trustees noted the information compiled by the Adviser from Lipper Inc. databases on the expense ratios and advisory fees of various types of ETFs and open-end funds, including index funds, that they had received in connection with the 2010 contract renewal process for other ETFs for which the Adviser serves as investment adviser. The Trustees noted that the annual advisory fee to be charged to the Fund was a unitary fee, and that the Adviser has agreed to pay all other expenses of the Fund, including the set-up and commitment fees associated with the Fund's line of credit, except brokerage commissions and other trading expenses, taxes, interest, including interest on the line of credit, and extraordinary expenses. The Trustees also considered that the Adviser has agreed to waive 0.10% of the unitary management fee until April 20, 2012. The Trustees noted that the Fund's unitary advisory fee was within an acceptable range of the expense ratios of the comparable peer group funds. The Trustees considered the proposed advisory fee in light of the distinguishing factors of the Fund and the higher administrative, operational and management oversight costs for the Adviser. The Trustees noted that the Fund's licensing fee, the sub-advisory fee and interest payable for use of the line of credit are payable out of the unitary fee to be charged to the Fund. The Board concluded that the unitary advisory fee to be charged to the Fund is reasonable and appropriate in light of the services expected to be provided.

In conjunction with their review of the unitary advisory fee, the Trustees also considered information provided by the Adviser on the costs of services for the Fund and fees to be paid by the Adviser. The Trustees considered information previously provided by the Adviser on its profitability, as well as any profits or losses realized by the Adviser from its relationship with other ETFs for which it serves as investment adviser. The Trustees noted the Adviser's statement that its costs of managing those ETFs generally exceed the amount payable as management fees under the investment advisory agreement for those funds. The Trustees concluded that the estimated profit to be realized by the Adviser with respect to the Fund appeared to be reasonable in comparison with the costs of providing investment advisory services to the Fund.

The Trustees noted that the sub-advisory fee to be paid to each Sub-Adviser is consistent with the compensation structure used throughout Invesco when Invesco's affiliates provide sub-advisory services to other Invesco affiliates and reasonable in comparison to fees charged to other clients. The Board considered how the sub-advisory fee relates to the overall advisory fees for the Fund and noted that the Adviser compensates the Sub-Advisers from its fee.

The Trustees noted that the Sub-Advisers did not provide an estimate of their profitability in connection with the management of the Fund, but that ISSM anticipates the Fund will be operated at a loss for the first 6 to 12 months of operation. The Board concluded that the estimated profit to be realized by ISSM appeared to be reasonable in comparison with the costs of providing sub-advisory services to the Fund.

Board Considerations Regarding Approval of Investment Advisory and Sub-Advisory Agreements (Continued)

Economies of Scale and Whether Fee Levels Reflect These Economies of Scale. The Trustees reviewed the information provided by the Adviser as to the extent to which economies of scale are realized as the Fund grows and whether fee levels reflect economies of scale for the benefit of shareholders. The Trustees noted that any reduction in fixed costs associated with the management of the Fund would be enjoyed by the Adviser, but a unitary fee provides certainty in expenses for the Fund. The Trustees considered whether the sub-advisory fee rate for the Fund is reasonable in relation to the projected asset size of the Fund, and concluded that the flat advisory and sub-advisory fees were reasonable and appropriate.

The Trustees noted that the Adviser and the Sub-Advisers had not identified any further benefits that they will derive from their relationship with the Fund, and that there were no soft dollar arrangements.

Based on all of the information considered and the conclusions reached, the Board, including the Independent Trustees, determined to approve the Investment Advisory Agreement and the Sub-Advisory Agreement for the Fund. No single factor was determinative in the Board's analysis.

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PROXY VOTING POLICIES AND PROCEDURES

A description of the Fund's proxy voting policies and procedures that the Fund uses to determine how to vote proxies relating to portfolio securities is available, without charge and upon request, by calling (800) 983-0903. This information is also available on the Securities and Exchange Commission's ("Commission") website at www.sec.gov.

Information regarding how the Fund voted proxies for portfolio securities, if applicable, during the most recent 12-month period ended June 30, is also available, without charge and upon request, by (i) calling (800) 983-0903; or (ii) accessing the Trust's Form N-PX on the Commission's website at www.sec.gov.

QUARTERLY PORTFOLIOS

The Fund files its complete schedule of portfolio holdings with the Commission for the first and third quarters of each fiscal year on Form N-Q. The Trust's Form N-Qs are available on the Commission's website at www.sec.gov. The Trust's Form N-Qs may also be reviewed and copied at the Commission's Public Reference Room in Washington, D.C.; information on the operation of the Public Reference Room may be obtained by calling (800) SEC-0330.

