

# PCY

As of December 31, 2011

## Fund Description

The PowerShares Emerging Markets Sovereign Debt Portfolio is based on the DB Emerging Market USD Liquid Balanced Index. The Fund will normally invest at least 90% of its total assets in securities that comprise the Index. The Index tracks the potential returns of a theoretical portfolio of liquid emerging markets U.S.-dollar-denominated government bonds issued by approximately 22 emerging-market countries. The countries in the Index are selected annually pursuant to a proprietary index methodology and the membership list is rebalanced quarterly.

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>

Emerging Market Sovereign Debt Portfolio	PCY
Intraday NAV (IIV)	PCY.IV
CUSIP	73936T573
Listing Exchange	NYSE Arca
Expense Ratio	0.50%
Options	Yes
Number of Holdings	66
Years to Maturity	14.82
30-Day SEC Yield	5.54%
Effective Duration	8.64
Modified Duration	8.50

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

DB Emerg. Mkt. USD Liquid Balanced	DBLQBLTR
Effective Duration	8.66
Modified Duration	8.52
Years to Maturity	14.93
Average Yield to Worst	6.03%
Number of Holdings	64

## Fund Inception: Oct. 11, 2007

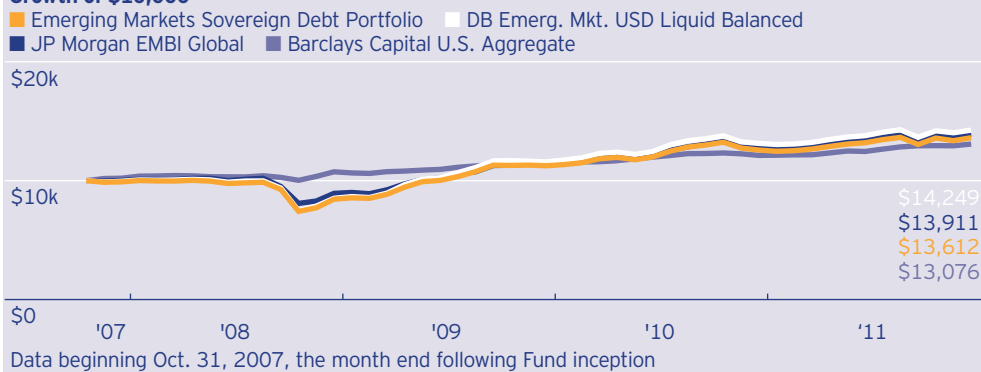
<sup>1</sup> Index returns do not represent Fund returns. An investor cannot invest directly in an index.

<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

# PowerShares Emerging Markets Sovereign Debt 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>					
DB Emerging Market USD Liquid Balanced	8.47	18.73	-	-	9.22
<b>Benchmark Indexes</b>					
JP Morgan EMBI Global	8.46	15.93	8.08	11.04	8.67
Barclays Capital U.S. Aggregate	7.84	6.77	6.50	5.78	6.73
<b>Fund</b>					
NAV	8.27	17.26	-	-	8.00
After Tax Held	6.18	14.78	-	-	5.71
After Tax Sold	5.31	13.42	-	-	5.45
Market Price	8.60	17.72	-	-	7.95

Performance data quoted represents past performance. As stated in the Fund's prospectus, the expense ratio of 0.50% is expressed as a unitary fee to cover expenses incurred in connection with managing the portfolio. 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. 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.

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

	Performance (%)	Volatility (%)	Beta	Sharpe Ratio	Correlation
DB Emerg. Mkt. USD Liquid Balanced	18.73	8.59	-	2.20	-
JP Morgan EMBI Global	15.93	7.10	1.16	2.26	0.96
Barclays Capital U.S. Aggregate	6.77	2.82	1.12	2.40	0.37

of the indexes lend securities, and no revenues from securities lending were added to the performance 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 JP Morgan Emerging Markets Bond Index Global (JP Morgan EMBI Global) is an unmanaged index that tracks debt securities of emerging markets. The MSCI EAFE<sup>®</sup> Index and the MSCI Emerging Markets Index are unmanaged indexes considered representative of stocks of Europe, Australasia

and the Far East; and stocks of developing countries, respectively. 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 100,000 Shares.**



# PowerShares Emerging Markets Sovereign Debt Portfolio

As of December 31, 2011

Top 10 Fund Holdings <sup>4</sup>					
Name	Coupon	Maturity	S&P/Moody's Rating	Weight (%)	
Republic of Bulgaria	8.250	1/15/2015	BBB/Baa2	4.02	
Republic of Korea	5.125	12/7/2016	A/A1	2.12	
Socialist Rep of Vietnam	6.750	1/29/2020	BB-/B1	2.09	
Rep of Korea	7.125	4/16/2019	A/A1	2.07	
Republic of Pakistan	6.875	6/1/2017	B-/B3	1.98	
Socialist Rep of Vietnam Regs	6.875	1/15/2016	BB-/B1	1.98	
Republic of Colombia	6.125	1/18/2041	BBB-/Baa3	1.81	
Islamic Rep of Pakistan	7.125	3/31/2016	B-/B3	1.78	
United Mexican States	7.500	4/8/2033	BBB/Baa1	1.72	
Fed Republic of Brazil	7.125	1/20/2037	BBB/Baa2	1.67	

Credit Ratings (%) <sup>3</sup>			Maturity (years)	
	S&P	Moody's		Weight (%)
AAA/Aaa	-	-	0-1	-
AA/Aa	4.59	4.59	1-5	15.91
A/A	8.32	12.78	5-10	27.78
BBB/Baa	47.98	40.24	10-15	12.84
BB/Ba	25.72	26.33	15-20	6.29
B/B	11.99	16.06	20-25	18.39
Not Rated	1.40	-	25+	18.80

	Annual Index Performance (%)		
	DB Emg. Mkt.	JPM EMBI	Barclays U.S. Agg.
2008	-14.41	-10.91	5.24
2009	35.92	28.17	5.93
2010	13.49	12.04	6.54
2011	8.47	8.46	7.84

Fund Country Allocations (%)	
Mexico	5.02
Colombia	5.00
Brazil	4.93
Indonesia	4.74
Peru	4.73
Uruguay	4.67
Philippines	4.66
Qatar	4.59
Venezuela	4.55
Panama	4.54

## 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.

Volatility is the annualized standard deviation of index returns.

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

Sharpe Ratio is a risk-adjusted measure calculated using standard deviation and excess return to determine reward per unit of risk. A higher Sharpe Ratio indicates better risk-adjusted performance.

Correlation indicates the degree to which two investments have historically moved in the same direction and magnitude.

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.

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.

Securities that have longer maturities are subject to greater risks, and are more greatly impacted by market volatility, than a fund investing solely in shorter term securities.

High-yield securities have additional risks, including interest-rate changes, decreased market liquidity and a larger amount of outstanding debt than investment-grade securities.

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 Fund may invest in illiquid securities, resulting in a decline of the Fund's returns.

Sovereign debt securities are subject to the additional risk that – under some political, diplomatic, social or economic circumstances – some developing countries that issue lower quality debt securities may be unable or unwilling to make principal or interest payments as they come due. The fund may have limited legal recourse against the issuer and/or guarantor of sovereign debt when default occurs. As a holder of government debt, the Fund may be requested to participate in the rescheduling of such debt and to extend further loans to government debtors.

Investment in securities in emerging market countries involves risks not associated with investments in securities in developed countries.

Foreign securities have additional risks, including exchange-rate changes, decreased market liquidity, political instability and taxation by foreign governments.

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

Deutsche Bank Securities Inc. is the Index Provider for the PowerShares Emerging Markets Sovereign Debt Portfolio. DB is not affiliated with the Trust, the Adviser or the Distributor. The Adviser has entered into a license agreement with the Index Provider to use the Deutsche Bank Emerging Market U.S. Dollar Liquid Balanced Index. The PowerShares Emerging Markets Sovereign Debt Portfolio is entitled to use the Deutsche Bank Emerging Market U.S. Dollar Liquid Balanced Index pursuant to a sublicensing arrangement with the Adviser.

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

**PowerShares<sup>®</sup> is a registered trademark of Invesco PowerShares Capital Management LLC. Invesco PowerShares Capital Management LLC and Invesco Distributors, Inc. are indirect, wholly owned subsidiaries of Invesco Ltd.**

**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.