

# PCY

As of Dec. 31, 2009

## 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.

An investment in non-U.S. securities involves special risk beyond an investment in domestic equities.

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

Emerging Market Sovereign Debt Portfolio	PCY
Intraday NAV (IIV)	PCY.IV
# of Holdings	24
CUSIP	73936T573
Listing Exchange	NYSE Arca
Weighted Average Maturity	3/1/2023
30-Day SEC Yield	6.47%
Average Duration	7.32
Average Credit Quality	BB+/Ba1
Expense Ratio	0.50%

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

Average Duration	7.04
Average Credit Quality	BB+/Ba1
Weighted Average Maturity	4/4/2022
Average Yield to Worst	6.49
# of Holdings	52

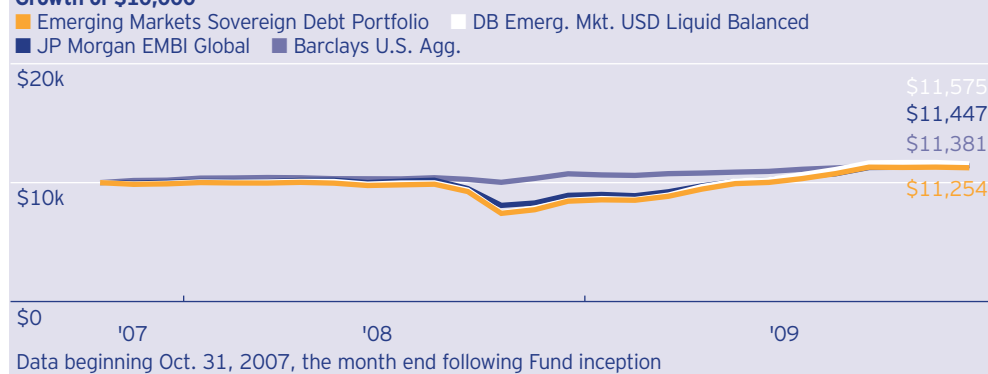
## Fund Inception: Oct. 11, 2007

<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 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

# 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	35.92	-	-	-	7.69
<b>Benchmark Indexes</b>					
JP Morgan EMBI Global	28.18	-	-	-	7.31
Barclays Capital U.S. Aggregate	5.93	-	-	-	6.34
<b>Fund</b>					
NAV	33.30	-	-	-	6.24
After Tax Held	30.12	-	-	-	3.86
After Tax Sold	21.41	-	-	-	3.87
Market Price	35.50	-	-	-	6.37

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 of the bid/ask spread at 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
DB Emerging Market USD Liq. Bal.	35.92	4.91	-	7.32	-
JP Morgan EMBI Global	28.18	5.56	0.54	4.98	0.38
Barclays Capital U.S. Aggregate	5.93	4.47	0.28	1.19	0.06
MSCI EAFE	31.78	25.21	0.08	124.00	0.16
MSCI Emerging Markets	78.51	26.97	0.06	287.00	0.12

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 (EMBI Global) is an unmanaged index that tracks debt securities of emerging markets. The MSCI EAFE® 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 Dec. 31, 2009

Top 10 Fund Holdings <sup>4</sup>				
Name	Coupon	Maturity	S&P/Moody's Rating	Weight (%)
Ukraine Govt. International Regs.	7.65	6/11/2013	CCC+/B2	7.15
Republic of Indonesia	8.50	10/12/2035	BB-/Ba2	5.56
Venezuela (Govt. of) Global Bond	13.625	8/15/2018	BB-/B2	4.92
Republic of El Salvador	8.25	4/10/2032	BB/Ba1	4.74
Republic of Turkey	6.875	3/17/2036	BB-/Ba3	4.65
Republic of South Africa	6.875	5/27/2019	BBB+/A3	4.27
Socialist Republic of Vietnam	6.875	1/15/2016	BB/Ba3	4.24
Russia Federation	11.00	7/24/2018	BBB/Baa1	4.22
Republic of Hungary	4.75	2/3/2015	BBB-/Baa1	4.19
State of Qatar	9.75	6/15/2030	AA-/Aa2	4.19

	Annual Index Performance (%)		
	DB Emg. Mkt.	JPM EMBI	Barclays U.S. Agg.
2008	-14.41	-10.91	5.24
2009	35.92	28.18	5.93

Maturity (years)	Weight (%)
0 - 1	-
1 - 5	14.88
5 - 10	41.45
10 - 15	-
15 - 20	8.14
20 - 25	21.19
25+	14.33

Credit Ratings (%) <sup>3</sup>	S&P		Moody's	
AAA/Aaa	-	-	-	-
AA/Aa	4.19	4.19	4.19	4.19
A/A	11.81	16.08	11.81	16.08
BBB/Baa	34.25	25.86	34.25	25.86
BB/Ba	32.38	35.55	32.38	35.55
B/B	6.25	18.32	6.25	18.32
Other	11.13	-	11.13	-

## 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 monthly 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.

Weighted Average Maturity is the weighted average date to the final payment of each issue.

The credit quality of the Fund's holdings represents the weighted average quality rating of the securities in the portfolio as assigned by Nationally Recognized Statistical Rating Organizations based on assessment of the credit worthiness of the underlying securities. The ratings range from AAA (highest) to D (lowest).

Average Yield to Worst is the average yield to maturity if the worst possible bond repayment takes place.

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

Shares are subject to risks including: Small and Medium-Sized Company Risk – investing in securities of small and medium-sized companies involves

greater risk than is customarily associated with investing in more established companies.

**Investments in sovereign debt securities involve special risks. The governmental authority that controls the repayment of the debt may be unwilling or unable to repay the principal and/or interest when due in accordance with the terms of such securities due to: the extent of its foreign reserves; the availability of sufficient foreign exchange on the date a payment is due; the relative size of the debt service burden to the economy as a whole; or the government debtor's policy toward the International Monetary Fund and the political constraints to which a government debtor may be subject. If an issuer of sovereign debt defaults on payments of principal and/or interest, the Fund may have limited legal recourse against the issuer and/or guarantor. In certain cases, remedies must be pursued in the courts of the defaulting party itself, and the Fund's ability to obtain recourse may be limited. Government obligors in emerging market countries are among the world's largest debtors to commercial banks, other governments, international financial organizations and other financial institutions. Historically, certain issuers of the government debt securities in which the Fund may invest have experienced substantial difficulties in meeting their external debt obligations, resulting in defaults on certain obligations and the restructuring of certain indebtedness. Such restructuring arrangements have included obtaining additional credit to finance outstanding obligation and the reduction and rescheduling of payments of interest and**

**principal through the negotiation of new or amended credit agreements. Please see the prospectus for more complete information regarding the risks of investing in emerging markets and sovereign debt.**

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

Note: Not all products available through all firms.