

PDN

As of December 31, 2011

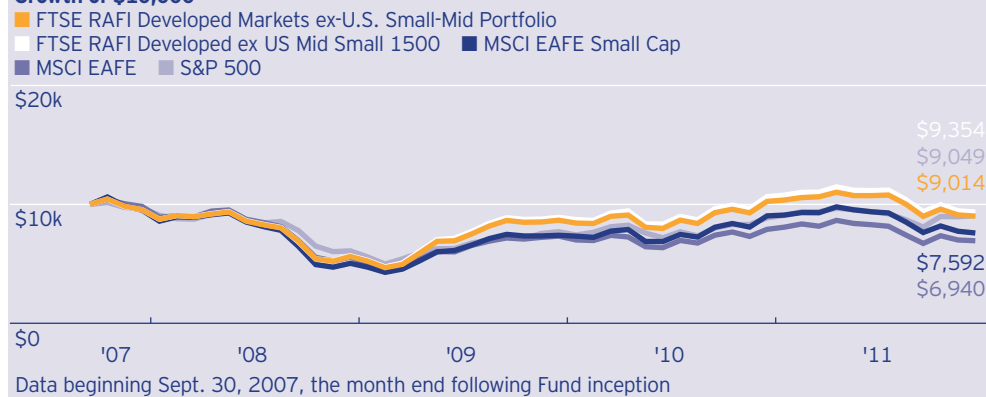
Fund Description

The PowerShares FTSE RAFI Developed Markets ex-U.S. Small-Mid Portfolio is based on the FTSE RAFI Developed ex US Mid Small 1500 Index. The Fund will normally invest at least 90% of its total assets in securities that comprise the Index and American depository receipts based on the securities in the Index. The Index is designed to track the performance of small and mid-capitalization equities of companies domiciled in developed international markets (excluding the U.S.), selected based on the following four fundamental measures of firm size: book value, cash flow, sales and dividends. The equities with the highest fundamental strength are weighted according to their fundamental scores. The Fundamental Index[®] portfolio is rebalanced and reconstituted annually.

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.

PowerShares FTSE RAFI Developed Markets ex-U.S. Small-Mid Portfolio

Growth of \$10,000¹



Fund Performance & Index History (%)¹

	1 Year	3 Year	5 Year	10 Year	Fund Inception ²
Underlying Index					
FTSE RAFI Developed ex US Mid Small 1500	-12.15	18.15	-	-	-1.42
Benchmark Indexes					
MSCI EAFE Small Cap	-15.94	14.63	-4.14	9.02	-6.27
MSCI EAFE	-12.14	7.66	-4.72	4.67	-8.23
S&P 500	2.11	14.12	-0.25	2.92	-2.32
Fund					
NAV	-12.08	17.05	-	-	-2.27
After Tax Held	-12.75	16.05	-	-	-3.01
After Tax Sold	-7.82	14.21	-	-	-2.33
Market Price	-14.70	15.79	-	-	-2.88

Fund Data³

FTSE RAFI Developed Markets ex-U.S. Small-Mid Portfolio	PDN
Intraday NAV (IIV)	PDN.IV

Underlying Index Data

FTSE RAFI Developed Markets ex US Mid Small 1500	FRSDXUSX
Index Provider	FTSE

3-Year Alpha, Beta and Correlation^{1,3}

Data shown are that of the underlying Index relative to each respective benchmark index.

	Alpha	Beta	Correlation
MSCI EAFE			
Small Cap	2.97	1.01	0.99
MSCI EAFE	9.92	1.01	0.96
S&P 500	3.15	1.09	0.86

Performance data quoted represents past performance. As stated in the Fund's prospectus, the expense ratio of 0.75% 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 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. 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^{1,3}

	Performance (%)	Volatility (%)	Sharpe Ratio
FTSE RAFI Developed ex US Mid Small 1500	18.15	23.98	0.76
MSCI EAFE Small Cap	14.63	23.38	0.63
MSCI EAFE	7.66	22.72	0.34
S&P 500	14.12	18.97	0.75

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 shown because of differences in the timing, amounts of their investments, and fees and expenses associated with an investment in the Fund.

The MSCI EAFE[®] Small Cap Index, the MSCI EAFE[®] Index and the S&P 500[®] Index are unmanaged

indexes considered representative of small-cap stocks of Europe, Australasia and the Far East; stocks of Europe, Australasia and the Far East; and the U.S. stock market, respectively.

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.

Fund Inception: Sept. 27, 2007

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

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

As of December 31, 2011

Top 30 Fund Holdings (%) ⁴ Name	Weight
Lundin Petroleum AB	0.28
Konami Corp.	0.26
Kyowa Hakko Kirin Co. Ltd.	0.24
First Pacific Company Ltd.	0.22
SGL Carbon SE	0.22
Hino Motors Limited	0.21
Altagas Ltd.	0.21
Leopalace21 Corp.	0.21
Hyundai Marine & Fire Ins. Co.	0.21
Aggreko PLC	0.20
Toho Holdings Co. Ltd.	0.20
Weir Group PLC	0.20
Yamazaki Baking Co. Ltd.	0.20
FamilyMart Co. Ltd.	0.19
Keikyu Corp.	0.19
Oriental Land Co. Ltd.	0.19
Ashtead Group Plc.	0.19
Kikkoman Corp.	0.19
LG Uplus Corp.	0.19
Air Water Inc.	0.19
Meda AB	0.19
CJ Corp.	0.19
Hermes International	0.19
Yokogawa Electric Corp.	0.19
Charter International PLC	0.19
Rengo Co. Ltd.	0.19
Kewpie Corporation-Japan	0.18
Societe BIC S.A.	0.18
Lancashire Holdings Ltd.	0.18
Tingyi Cayman Islands Holding	0.18

PowerShares FTSE RAFI Developed Markets ex-U.S. Small-Mid Portfolio

Fund Details ³	
Weighted Harmonic Average	
Stock Price-to-Earnings Ratio	10.76
Weighted Harmonic Average	
Stock Price-to-Book-Value Ratio	0.93
Weighted Average Return on Equity	11.02%
Weighted Market Cap (mm)	2,434
Number of Holdings	1,453
Expense Ratio	0.75%
CUSIP	73936T771
Listing Exchange	NYSE Arca

Fund Country Allocations (%)	
Japan	38.20
United Kingdom	8.25
Canada	7.67
South Korea	7.27
Australia	4.92
France	3.51
Germany	3.29
Switzerland	2.73
Cayman Islands	2.27
Sweden	2.25

	Annual Index Performance (%)		
	FTSE RAFI Dev. Mid Sm	MSCI EAFE Small	MSCI EAFE
2008	-40.57	-47.01	-43.38
2009	57.03	46.78	31.78
2010	19.50	22.04	7.75
2011	-12.15	-15.94	-12.14

Fund Market-Cap Allocations (%) ⁵	
Large-Cap Growth	8.41
Large-Cap Value	4.36
Mid-Cap Growth	29.15
Mid-Cap Value	31.70
Small-Cap Growth	14.91
Small-Cap Value	11.33

Fund Sector Allocations (%) ⁵	
Consumer Discretionary	18.01
Consumer Staples	9.26
Energy	4.07
Financials	19.09
Health Care	4.85
Industrials	23.16
Information Technology	7.43
Materials	11.12
Telecommunication Services	1.05
Utilities	1.81

Leading the Intelligent ETF Revolution®

Underlying Index performance does not represent Fund performance.

³ 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.

Alpha is a measure of performance on a risk-adjusted basis.

Stock Price-to-Earnings Ratio is the share price divided by earnings per share. It is measured on a 12-month trailing basis.

Stock Price-to-Book-Value Ratio is the ratio of a stock's market price to a company's net asset value.

Weighted Harmonic Average is a method of calculating an average value that lessens the impact of large outliers and increases the impact of small ones.

Weighted Average Return on Equity is net income divided by net worth.

Weighted Market Capitalization is the sum of each underlying securities' market value.

⁴ Please see the website for complete holdings information. Holdings are subject to change.

⁵ Security classifications used in calculating allocation tables are as of Nov. 30, 2011.

The Global Industry Classification Standard was developed by and is the exclusive property and a service mark of MSCI, Inc. and Standard & Poor's. Foreign securities have additional risks, including exchange-rate changes, decreased market liquidity, political instability and taxation by foreign governments.

The Fund may contain securities in the industrials, financial services and consumer discretionary sectors. Companies engaged in these sectors are subject to greater risks, and are more greatly impacted by market volatility, than more diversified investments.

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

Investing in securities of small and medium-sized companies may involve greater risk than is customarily associated with investing in large companies.

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

Securities lending involves a risk of loss because the borrower may fail to return the securities in a timely manner or at all. If a Fund is not able to recover the securities loaned, it may sell the collateral and purchase a replacement security in the market. Lending securities entails a risk of loss to the Funds if and to the extent that the market value of the loaned securities increases and the collateral is not increased accordingly.

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Note: Not all products available through all firms.