

PGX

As of December 31, 2011

Fund Description

The PowerShares Preferred Portfolio is based on The BofA Merrill Lynch Core Fixed Rate Preferred Securities Index. The Fund will normally invest at least 90% of its total assets in securities that comprise the Index. The Index is designed to replicate the total return of a diversified group of investment-grade preferred securities. (Securities must be investment grade, based on an average of three leading ratings agencies: Moody's, S&P and Fitch). The Index is rebalanced on a monthly basis.

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 the possible loss of money. Ordinary brokerage commissions apply. The Fund's return may not match the return of the Underlying Index.

Fund Data ³	
Preferred Portfolio	PGX
Intraday NAV (IIV)	PGX.IV
CUSIP	73936T565
Listing Exchange	NYSE Arca
Expense Ratio	0.50%
Options	Yes
Number of Holdings	87
Years to Maturity	37.31
30-Day SEC Yield	7.06%
Effective Duration	-
Modified Duration	4.75

Underlying Index Data ³	
The BofA Merrill Lynch Core Fixed Rate Preferred Securities	POP2
Effective Duration	-
Modified Duration	5.53
Years to Maturity	38.29
Average Yield to Worst	1.85%
Number of Holdings	244

Fund Inception: Jan. 31, 2008

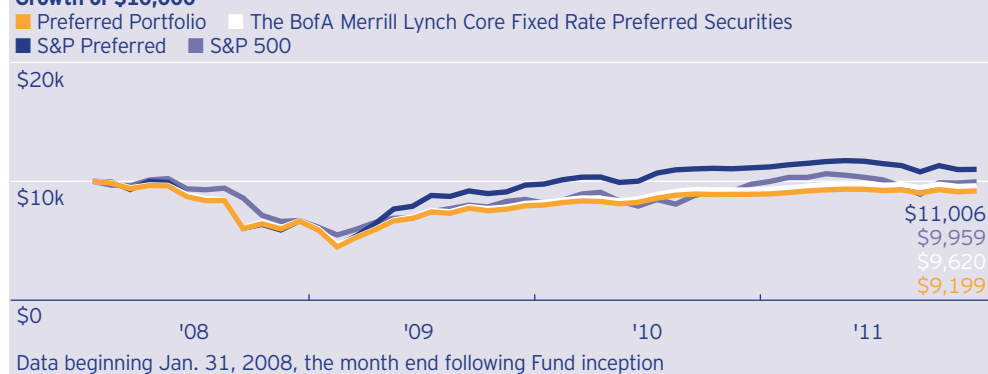
¹ Index returns do not represent Fund returns. An investor cannot invest directly in an index.

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

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

PowerShares Preferred Portfolio

Growth of \$10,000¹



Fund Performance & Index History (%) ¹	1 Year	3 Year	5 Year	10 Year	Fund Inception ²
	Underlying Index				
The BofA Merrill Lynch Core Fixed Rate Preferred Securities	3.76	12.83	-0.98	-	-0.98
Benchmark Indexes					
S&P Preferred	-1.16	18.13	1.45	-	2.48
S&P 500	2.11	14.12	-0.25	2.92	-0.11
Fund					
NAV	3.26	11.39	-	-	-2.10
After Tax Held	0.91	8.49	-	-	-4.77
After Tax Sold	2.11	8.02	-	-	-3.36
Market Price	3.70	11.11	-	-	-2.45

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 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.

5-Year Index Statistics ^{1,3}	Performance (%)	Volatility (%)	Beta	Sharpe Ratio	Correlation
	BofA Merrill Lynch Core				
Fixed Rate Preferred Securities	-0.98	22.92	-	-0.10	-
S&P Preferred	1.45	26.78	0.84	0.01	0.98
S&P 500	-0.25	18.88	0.61	-0.08	0.51

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 S&P Preferred Index is an unmanaged index consisting of U.S.-listed preferred stocks. The S&P 500[®] Index is an unmanaged index considered representative of the U.S. stock 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 50,000 Shares.



PowerShares Preferred Portfolio

As of December 31, 2011

Top 10 Fund Holdings ⁴				
Name	Coupon	Maturity	S&P/Moody's Rating	Weight (%)
Wells Fargo Co.	8.000	–	BBB+/Baa3	5.10
Citigroup Capital XIII	7.875	10/30/2040	BB/Ba1	4.81
JP Morgan Chase	8.625	–	BBB/Baa1	4.28
Barclays Bk PLC	8.125	–	BBB/Baa3	4.09
Citigroup Capital XII	8.500	3/30/2040	BB+/Ba1	4.07
HSBC Holdings PLC Pfd	8.000	–	BBB+/A3	3.71
Morgan Stanley Cap Trust	6.600	10/15/2066	BB+/Baa2	3.40
HSBC Hldgs PLC	8.125	–	A-/NR	3.31
Genl Elec Capital Corp.	6.100	11/15/2032	NR/Aa2	3.02
Bank of America Preferred	8.200	–	BB+/Ba3	2.98

Credit Ratings (%) ³			Maturity (years)	
	S&P	Moody's		Weight (%)
AAA/Aaa	–	–	0-1	–
AA/Aa	1.50	4.52	1-5	–
A/A	13.63	20.31	5-10	–
BBB/Baa	53.94	49.75	10-15	–
BB/Ba	24.39	14.74	15-20	–
B/B	–	–	20-25	21.18
Not Rated	6.53	10.68	25+	78.83

Annual Index Performance (%)		
	The BofA ML Preferred	S&P Preferred
2007	-11.31	-12.17
2008	-25.24	-25.76
2009	21.54	45.01
2010	13.86	14.99
2011	3.76	-1.16

Fund Sector Allocations (%) ⁵	
Consumer Discretionary	2.75
Consumer Staples	–
Energy	–
Financials	88.79
Health Care	–
Industrials	–
Information Technology	–
Materials	0.16
Telecommunication Services	2.95
Utilities	5.34

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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.

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 and select "Understanding Ratings" under Rating Resources and 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.

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.

Preferred securities may be less liquid than many other securities, and in certain circumstances, an issuer of preferred securities may redeem the securities prior to a specified date.

The Fund may contain securities in financial institutions. Companies engaged in financial institutions are subject to greater risks, and are more greatly impacted by market volatility, than more diversified investments.

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

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.

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'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.

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An investor should consider the Fund's investment objective, risks, charges and expenses carefully before investing. For this and more complete information about the Fund call 800 983 0903 or visit invescopowershares.com for a prospectus. Please read the prospectus carefully before investing.

Note: Not all products available through all firms.