

PHB

As of June 30, 2011

| Fund Details | |
|--------------------|---------------|
| Ticker | PHB |
| NAV (IIV) | PHB.IV |
| Number of Holdings | 203 |
| Expense Ratio | 0.50% |
| CUSIP | 73936T557 |
| Inception Date | Nov. 15, 2007 |
| Listing Exchange | NYSE Arca |
| Options | Yes |

| Underlying Index Details | |
|----------------------------|--------------------------|
| RAFI High Yield Bond Index | RAFIHY |
| Index Provider | Research Affiliates, LLC |

| Fund Sector Allocations ¹ (%) | |
|--|-------|
| Basic Materials | 7.34 |
| Communications | 10.19 |
| Consumer, Cyclical | 17.32 |
| Consumer, Non-cyclical | 16.47 |
| Diversified | 0.36 |
| Energy | 13.80 |
| Financial | 15.11 |
| Health Care | 1.23 |
| Industrial | 4.73 |
| Materials | 2.75 |
| Technology | 2.97 |
| Telecommunication Services | 3.12 |
| Utilities | 4.61 |

| Credit Ratings ² (%) | | |
|---------------------------------|-------|---------|
| | S&P | Moody's |
| BBB/Baa | 15.64 | 4.73 |
| BB/Ba | 57.09 | 58.08 |
| B/B | 27.27 | 37.19 |
| CCC/Caa | - | - |
| CC/Ca | - | - |
| C/C | - | - |
| Not Rated | - | - |

| Maturity (Years) | |
|------------------|------------|
| | Weight (%) |
| 0 - 1 | - |
| 1 - 5 | 30.63 |
| 5 - 10 | 69.37 |
| 10 - 15 | - |
| 15 - 20 | - |
| 20 - 25 | - |
| 25+ | - |

PowerShares Fundamental High Yield Corporate Bond Portfolio

About PHB

The PowerShares Fundamental High Yield® Corporate Bond Portfolio is based on the RAFI® High Yield Bond Index. The Fund will normally invest at least 80% of its total assets in the securities that comprise the Index. The Index is comprised of U.S. dollar-denominated bonds registered for sale in the United States whose issuers are public companies listed on major U.S. stock exchanges. Only securities with greater than one year to maturity qualify for inclusion in the Index. Based on the Fundamental Index® methodology developed by Research Affiliates®, LLC, the Index is compiled and calculated by Ryan ALM, Inc.

The Index is rebalanced at the end of every month based on the Index rules and weighted according to a composite RAFI weight that is calculated for each eligible company. Composite RAFI weights are calculated using the following four factors: current book value of assets as well as gross sales, gross dividends and cash flow, each based on five-year averages. The target RAFI weights are reconstituted annually.

Effective Aug. 2, 2010, the name of PowerShares High Yield Corporate Bond Portfolio changed to PowerShares Fundamental High Yield Corporate Bond Portfolio. Its underlying index also changed to the RAFI High Yield Bond Index. Prior to Aug. 2, 2010, the Fund's underlying index was the Wells Fargo® High Yield Bond Index.

About Research Affiliates, LLC

Research Affiliates strives to be the leading source of value-adding innovative products for the global investment community. The firm focuses on research that they believe results in superior investment products. Founded in 2002 by Robert D. Arnott, a renowned innovator in investment theory and practice, the firm is majority employee-owned and employs a team of over 50 dedicated professionals.

Their competitive edge is the strength of their research and product development capability led by Robert Arnott and Jason Hsu, PhD. Arnott and Hsu are supported by a talented team of researchers, most of whom have advanced degrees and additional professional certifications.

| Top 10 Fund Holdings ¹ (%) | | | | | |
|---------------------------------------|--------|------------|--------------------|------------|--|
| Name | Coupon | Maturity | S&P/Moody's Rating | Weight (%) | |
| Intl Lease Finance Corp. | 8.625 | 9/15/2015 | BBB-/B1 | 1.56 | |
| Sprint Nextel Corp. | 6.000 | 12/1/2016 | BB-/Ba3 | 1.52 | |
| Weyerhaeuser Co. | 7.375 | 10/1/2019 | BBB-/Ba1 | 1.44 | |
| Intl Lease Finance Corp. Aig | 8.250 | 12/15/2020 | BB+/B1 | 1.37 | |
| Ford Motor Credit Co. | 7.000 | 10/1/2013 | BB-/Ba2 | 1.16 | |
| Dean Foods | 7.000 | 6/1/2016 | B-/B2 | 1.12 | |
| Supervalu Inc. | 8.000 | 5/1/2016 | B/B2 | 1.11 | |
| Ford Motor Credit Co. | 8.000 | 12/15/2016 | BB-/Ba2 | 1.04 | |
| Goodyear Tire & Rubber Corp. | 8.250 | 8/15/2020 | B+/B1 | 0.97 | |
| JC Penny Co. Inc. | 5.650 | 6/1/2020 | BB+/Ba1 | 0.96 | |

¹ Allocations and holdings are subject to change.

² 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.

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.

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

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

Fundamental Index[®], Research Affiliates[®], Fundamental High Yield[®] and all other Research Affiliates trademarks, trade names, patented and patent-pending concepts are the exclusive property of Research Affiliates, LLC. The RAFI US High Yield Bond Index is calculated and maintained by ALM Research Solutions, Inc. (a wholly owned subsidiary of Ryan ALM, Inc.) in conjunction with Research Affiliates LLC and is the exclusive property of Research Affiliates.

The Global Industry Classification Standard was developed by and is the exclusive property and a service mark of MSCI, Inc. and Standard & Poor's.

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 Units only, typically consisting of aggregations of 100,000 shares.

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

PowerShares[®] 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 for a prospectus. Please read the prospectus carefully before investing.

Note: Not all products available through all firms.