

PHB

As of December 31, 2011

Fund Description

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 monthly.

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 Data³

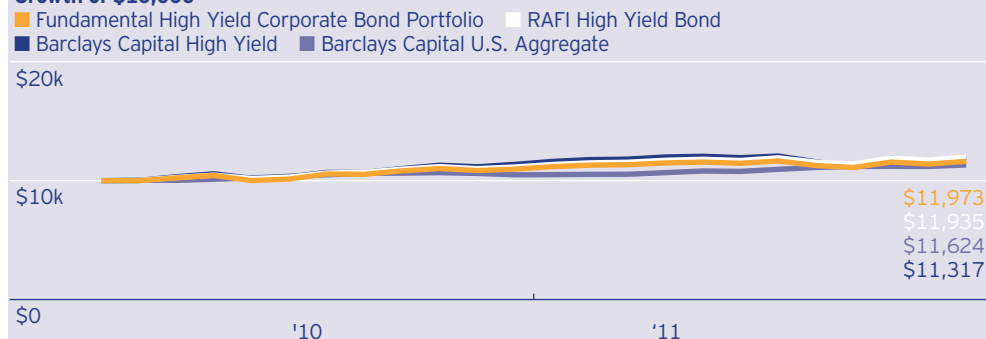
Fundamental High Yield Corporate Bond Portfolio	PHB
Intraday NAV (IIV)	PHB.IV
CUSIP	73936T557
Listing Exchange	NYSE Arca
Expense Ratio	0.50%
Options	Yes
Number of Holdings	208
Years to Maturity	6.17
30-Day SEC Yield	5.62%
Effective Duration	4.13
Modified Duration	3.96

Underlying Index Data³

RAFI High Yield Bond	RAFIHY
Effective Duration	4.12
Modified Duration	3.95
Years to Maturity	6.20
Average Yield to Worst	5.92%
Number of Holdings	207

PowerShares Fundamental High Yield Corporate Bond Portfolio

Growth of \$10,000¹



Fund inception precedes index data – data begins Jan. 31, 2010, the month end following most recent index publication date.

Fund Performance & Index History (%)¹

	1 Year	3 Year	5 Year	10 Year	Fund Inception ²
Underlying Index					
RAFI High Yield Bond	7.41	–	–	–	–
Benchmark Indexes					
Barclays Capital High Yield	4.98	24.14	7.54	8.85	8.14
Barclays Capital U.S. Aggregate	7.84	6.77	6.50	5.78	6.65
Fund					
NAV	5.94	15.61	–	–	0.84
After Tax Held	3.77	12.50	–	–	-2.03
After Tax Sold	3.83	11.58	–	–	-1.02
Market Price	7.56	13.45	–	–	0.66

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.

1-Year Index Statistics^{1,3}

	Performance (%)	Volatility (%)	Beta	Sharpe Ratio	Correlation
RAFI High Yield Bond	7.41	6.96	–	1.11	–
Barclays Capital High Yield	4.98	9.55	0.72	0.54	0.98
Barclays Capital U.S. Aggregate	7.84	2.35	-0.12	3.46	-0.04

Fund Inception: Nov. 15, 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.

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 Barclays Capital High Yield Index covers the U.S. dollar-denominated, non-investment grade, fixed-rate, taxable corporate bond market. 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 Fundamental High Yield Corporate Bond Portfolio

As of December 31, 2011

Top 10 Fund Holdings ⁴				
Name	Coupon	Maturity	S&P/Moody's Rating	Weight (%)
Weyerhaeuser Co.	7.375	10/1/2019	BBB-/Ba1	1.51
Intl Lease Finance Corp.	8.625	9/15/2015	BBB-/B1	1.35
Intl Lease Finance Corp. Aig.	8.250	12/15/2020	BBB-/B1	1.29
Sears Holding Corp.	6.625	10/15/2018	BB-/B2	1.22
Sprint Nextel Corp.	6.000	12/1/2016	B+/B3	1.22
Ford Motor Credit Co.	8.000	12/15/2016	BB+/Ba1	1.20
Supervalu Inc.	8.000	5/1/2016	B/B2	1.18
Ford Motor Cred	7.000	10/1/2013	BB+/Ba1	1.15
Kinder Morgan Finance	5.700	1/5/2016	BB/Ba1	1.01
Rite Aid Corp.	8.000	8/15/2020	B+/B3	0.97

Credit Ratings (%) ³			Maturity (years)	
	S&P	Moody's		Weight (%)
AAA/Aaa	-	-	0-1	1.07
AA/Aa	-	-	1-5	32.28
A/A	-	-	5-10	66.66
BBB/Baa	16.07	7.14	10-15	-
BB/Ba	57.67	53.07	15-20	-
B/B	26.26	39.51	20-25	-
Not Rated	-	0.28	25+	-

	Annual Index Performance (%)		
	RAFI High Yield Bond	Barclays Cap. High Yield	Barclays U.S. Agg.
2011	7.41	4.98	7.84

Fund Sector Allocations (%) ⁵	
Consumer Discretionary	21.32
Consumer Staples	7.02
Energy	15.60
Financials	12.99
Health Care	5.63
Industrials	12.80
Information Technology	3.82
Materials	10.03
Telecommunication Services	6.57
Utilities	4.01

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.

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 moodys.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.

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.

Non-investment grade securities have additional risks, including higher default risk and decreased market liquidity.

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.

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.

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.