

# PVI

As of December 31, 2011

## Fund Description

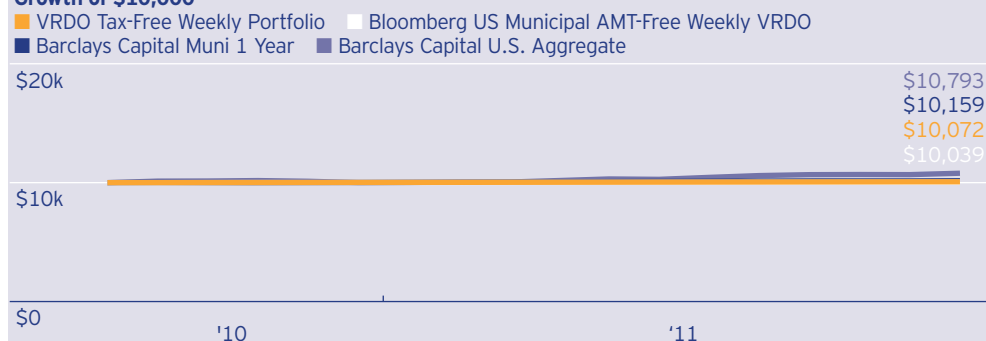
The PowerShares VRDO Tax-Free Weekly Portfolio is based on the Bloomberg US Municipal AMT-Free Weekly VRDO Index. The Fund will normally invest at least 80% of its total assets in securities that comprise the Index and generally expects to invest at least 90% of its total assets. The Index is comprised of municipal securities issued in the primary market as Variable Rate Demand Obligations (VRDOs) whose interest rates are reset weekly.

VRDOs are floating-rate bonds that provide investors with tax-exempt income. VRDOs are generally purchased at par. When they are put back to an investment dealer, the investor generally receives par plus accrued interest.

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 VRDO Tax-Free Weekly Portfolio

### Growth of \$10,000<sup>1</sup>



Fund inception precedes index data – data begins July 31, 2010, the month end following earliest index publication date.

### Fund Performance & Index History (%)<sup>1</sup>

	1 Year	3 Year	5 Year	10 Year	Fund Inception <sup>2</sup>
<b>Underlying Index</b>					
Bloomberg US Municipal AMT-Free Weekly VRDO	0.25	–	–	–	–
<b>Benchmark Indexes</b>					
Barclays Capital Muni 1 Year	1.58	2.07	3.03	2.64	2.83
Barclays Capital U.S. Aggregate	7.84	6.77	6.50	5.78	6.65
<b>Fund</b>					
NAV	0.53	0.70	–	–	1.41
After Tax Held	0.34	0.46	–	–	0.90
After Tax Sold	0.34	0.45	–	–	0.91
Market Price	0.61	0.64	–	–	1.42

Performance data quoted represents past performance. As stated in the Fund's prospectus, the expense ratio of 0.25% 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 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<sup>1,3</sup>

	Performance (%)	Volatility (%)	Beta	Sharpe Ratio	Correlation
Bloomberg US Municipal AMT-Free Weekly VRDO	0.25	0.01	–	21.39	–
Barclays Capital Muni 1 Year	1.58	0.25	0.00	6.49	-0.03
Barclays Capital U.S. Aggregate	7.84	2.35	0.00	3.46	0.61

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 Muni 1-Year Total Return Index is an unmanaged index of municipal bonds

with a remaining maturity of one to two years. 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 50,000 Shares.**

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

VRDO Tax-Free Weekly Portfolio	PVI
Intraday NAV (IIV)	PVI.IV
CUSIP	73936T433
Listing Exchange	NYSE Arca
Expense Ratio	0.25%
Number of Holdings	47
Years to Maturity	17.11
30-Day SEC Yield	0.41%
Effective Duration	–
Modified Duration	–

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

Bloomberg US Municipal AMT-Free Weekly VRDO	BBUSVWFT
Effective Duration	–
Modified Duration	–
Years to Maturity	21.42
Average Yield to Worst	–
Number of Holdings	2,962

### Fund Inception: Nov. 15, 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.



# PowerShares VRDO Tax-Free Weekly Portfolio

As of December 31, 2011

Top 10 Fund Holdings <sup>4</sup>				
Name	Coupon	Maturity	S&P/Moody's Rating	Weight (%)
Triborough Brdg & Tunn Var	1.250	1/1/2032	AA-/Aa2	7.11
Houston Tex Higher Ed Fin Corphigher Ed Rev	0.070	11/15/2029	AAA/Aaa	6.74
NJ Turnpike Authority	1.850	1/1/2018	A+/A3	6.21
Austin Tex Wtr & Wastewater Floater	0.300	5/15/2024	AA/Aa2	5.46
New York St. Dorm Auth. Revs Nonst Flt	0.060	7/1/2040	AA+/Aa1	4.83
Colorado Springs CO Utils Rev Flt	0.450	11/1/2036	AA/Aa2	4.63
New Jersey St. Tpk Flt	0.290	1/1/2024	AA+/Aa3	4.18
Metropolitan NY Fltr.	0.300	11/1/2029	AA+/Aa3	3.91
Illinois Fin Auth Rev Flt	0.240	1/1/2048	NA/A1	3.77
University Tex Univ Revs Floater	0.020	8/1/2032	AAA/Aaa	3.65

Credit Ratings (%) <sup>3</sup>			Maturity (years)	
	S&P	Moody's		Weight (%)
AAA/Aaa	25.48	14.24	0-1	-
AA/Aa	49.24	61.04	1-5	3.65
A/A	18.62	16.17	5-10	20.63
BBB/Baa	0.76	7.03	10-15	19.21
BB/Ba	-	0.44	15-20	19.02
B/B	-	-	20-25	23.27
Not Rated	5.89	1.08	25+	14.21

	Annual Index Performance (%)		
	Bloomberg US Muni	Barclays Muni 1 Year	Barclays U.S. Agg.
2011	0.25	1.58	7.84

State Allocation (%)	
New York	27.72
Texas	15.06
New Jersey	13.28
Illinois	11.66
Pennsylvania	7.83
California	6.16
Florida	5.66
Colorado	4.40
District of Columbia	3.44
Tennessee	1.87

## Leading the Intelligent ETF Revolution®

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 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](http://standardandpoors.com) and select "Understanding Ratings" under Rating Resources and [moodys.com](http://moodys.com) and select "Rating Methodologies" under Research and Ratings.

Correlation indicates the degree to which two investments have historically moved in the same direction and magnitude.

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.

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

There may not be an active secondary market with respect to particular variable rate instruments in which the Fund invests, which could make it difficult for the Fund to dispose of a variable rate instrument if the issuer and/or the Remarketing Agent defaulted on its payment obligation or during periods that the Fund is not entitled to exercise its demand rights, and the Fund could, for these or other reasons, suffer a loss with respect to such instruments.

Municipal securities may be affected by political changes as well as uncertainties in the municipal market related to taxation, legislative changes or the rights of municipal security holders. The market for municipal bonds may also be less liquid than for taxable bonds.

Municipal insurance doesn't protect against losses in the fund.

The Fund currently intends to effect creations and redemptions principally for cash, rather than principally in-kind because of the nature of the Fund's investments. As such, investments in the Fund may be less tax efficient than investments in ETFs that create and redeem in-kind.

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.

There is no guarantee that the Fund's income will be exempt from federal or state income taxes.

The Bloomberg US Municipal AMT-Free Weekly VRDO Index is a trademark and service mark of Bloomberg and has been licensed for use by the Adviser. Bloomberg is not affiliated with

the Adviser or the PowerShares VRDO Tax-Free Weekly Portfolio. Bloomberg does not: (i) approve, endorse, review or recommend the Adviser or the PowerShares VRDO Tax-Free Weekly Portfolio, (ii) guarantee the correctness or completeness of the Bloomberg US Municipal AMT-Free Weekly VRDO Index or other information furnished in connection with the Bloomberg US Municipal AMT-Free Weekly VRDO Index, (iii) warrant, expressly or impliedly, the results to be obtained by the Adviser, the Adviser's customers, owners of the PowerShares VRDO Tax-Free Weekly Portfolio, or any other person or entity from the use of the Bloomberg US Municipal AMT-Free Weekly VRDO Index or any data included therein.

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

Note: Not all products available through all firms.