

XLFS

As of December 31, 2010

PowerShares S&P SmallCap Financials Portfolio

Fund Description

The PowerShares S&P SmallCap Financials Portfolio is based on the S&P SmallCap 600 Capped Financials Index®. The Fund will normally invest at least 90% of its total assets in common stocks that comprise the Index. The Index is designed to measure the overall performance of common stocks of U.S. financial services companies. These companies are principally engaged in the business of providing services and products, including banking, investment services, insurance and real estate finance services.

The Index is a subset of the S&P SmallCap 600 Index, which is a float-adjusted, market-capitalization-weighted index reflecting the U.S. small-cap market.

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. Ordinary brokerage commissions apply. Concentrated industry investments involve greater risks than more diversified investments.

Fund Data ³	
PowerShares S&P SmallCap Financials Portfolio	XLFS
Intraday NAV (IIV)	XLFS.IV

Underlying Index Data	
S&P SmallCap 600 Capped Financials	SPSU6FT
Index Provider	Standard and Poor's

10-Year Alpha, Beta and Correlation ¹⁻³			
	Alpha	Beta	Correlation
S&P SmallCap 600	-2.37	0.80	0.67

Fund Performance & Index History (%) ¹					
	1 Year	3 Year	5 Year	10 Year	Fund Inception ²
Underlying Index					
S&P SmallCap 600 Capped Financials	21.40	-4.68	-5.28	3.63	7.18
Benchmark Index					
S&P SmallCap 600	26.31	3.01	4.64	7.66	16.30
Fund					
NAV	-	-	-	-	6.89
After Tax Held	-	-	-	-	6.24
After Tax Sold	-	-	-	-	4.45
Market Price	-	-	-	-	7.00

This is a new Fund and therefore does not have a full year of performance to report as of the most recent quarter end. Performance data quoted represents past performance. As stated in the Fund's prospectus, the expense ratio of 0.29% 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 of the bid/ask spread at 4 p.m. ET and do not represent the returns an investor would receive if shares were traded at other times.

10-Year Index Statistics ^{1,3}			
	Performance (%)	Volatility (%)	Sharpe Ratio
S&P SmallCap 600 Capped Financials	3.63	19.65	0.08
S&P SmallCap 600	7.66	20.15	0.27

Fund Inception: April 7, 2010

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.

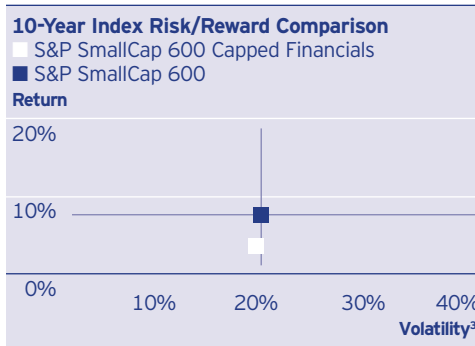
The S&P SmallCap 600 Index is a market-value weighted index that consists of 600 small-cap U.S. stocks chosen for market size, liquidity and industry group representation.

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.

As of December 31, 2010

Top 30 Fund Holdings (%) ⁴	
Name	Weight
BioMed Realty Trust Inc.	2.67
National Retail Properties Inc.	2.41
Stifel Financial Corp.	2.39
Mid-America Apartment Communities Inc.	2.37
Entertainment Properties Trust	2.35
Home Properties Inc.	2.28
Tanger Factory Outlet Centers Inc.	2.26
Signature Bank	2.22
LaSalle Hotel Properties	2.11
Kilroy Realty Corp.	2.09
ProAssurance Corp.	2.04
Diamondrock Hospitality Co.	2.03
Post Properties Inc.	1.93
Delphi Financial Group Inc. (CI A)	1.72
Extra Space Storage Inc.	1.66
Colonial Properties Trust	1.66
Umpqua Holdings Corp.	1.53
Whitney Holding Corp.	1.50
Healthcare Realty Trust Inc.	1.50
Ezcorp Inc. (CI A)	1.48
Portfolio Recovery Associates Inc.	1.41
Susquehanna Bancshares Inc.	1.38
UMB Financial Corp.	1.36
Medical Properties Trust Inc.	1.32
EastGroup Properties Inc.	1.25
Wintrust Financial Corp.	1.25
United Bankshares Inc.	1.23
Old National Bancorp	1.23
Cash America International Inc.	1.20
Glacier Bancorp Inc.	1.19



Fund Details ³	
Weighted Harmonic Average	
Stock Price-to-Earnings Ratio	21.66
Weighted Harmonic Average	
Stock Price-to-Book-Value Ratio	1.33
Weighted Average Return on Equity	4.72
Weighted Market Cap (mm)	1,285
Number of Securities	101
Expense Ratio	0.29%
CUSIP	73937B803
Listing Exchange	NASDAQ

	Annual Index Performance (%)	
	S&P SmallCap 600 Capped Financials	S&P Small-Cap 600
2001	6.14	6.51
2002	2.83	-14.63
2003	37.04	38.79
2004	23.96	22.65
2005	1.04	7.68
2006	15.10	15.12
2007	-23.49	-0.30
2008	-25.08	-31.07
2009	-4.79	25.57
2010	21.40	26.31

Fund Market-Cap Allocations (%)	
Large-Cap Growth	-
Large-Cap Value	-
Mid-Cap Growth	-
Mid-Cap Value	-
Small-Cap Growth	30.86
Small-Cap Value	69.14

Fund Industry Allocations (%)	
Real Estate Investment Trusts (REITS)	40.21
Commercial Banks	31.28
Insurance	13.08
Capital Markets	5.07
Consumer Finance	4.61
Thriffs & Mortgage Finance	2.77
Diversified Financial Services	2.23
Real Estate Management & Development	0.75

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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 monthly 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 outlying data points.

Weighted Average Return on Equity is net income divided by shareholders' equity.

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

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

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 contains securities in the financials sector. Companies engaged in this sector are subject to greater risks, and are more greatly impacted by market volatility, than more diversified investments.

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

Investing in securities of small capitalization companies may involve greater risk than is customarily associated with investing in large companies.

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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.

Supplemental Information

At close of business on March 22, 2011, the following Funds' ticker symbols will change. The Funds' names, underlying index names and index tickers will remain the same. The new tickers will take effect on March 23, 2011. Please reference the table below for these changes.

Portfolio Name	Old Ticker	New Ticker
PowerShares S&P SmallCap Consumer Discretionary Portfolio	XLYS	PSCD
PowerShares S&P SmallCap Consumer Staples Portfolio	XLPS	PSCC
PowerShares S&P SmallCap Energy Portfolio	XLES	PSCE
PowerShares S&P SmallCap Financials Portfolio	XLFS	PSCF
PowerShares S&P SmallCap Health Care Portfolio	XLVS	PSCH
PowerShares S&P SmallCap Industrials Portfolio	XLIS	PSCI
PowerShares S&P SmallCap Information Technology Portfolio	XLKS	PSCT
PowerShares S&P SmallCap Materials Portfolio	XLBS	PSCM
PowerShares S&P SmallCap Utilities Portfolio	XLUS	PSCU
PowerShares QQQ	QQQQ	QQQ

For additional information call Invesco PowerShares at 800 983 0903.

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Note: Not all products available through all firms

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ALPS Distributors, Inc. is the distributor of PowerShares QQQ, a unit investment trust. Invesco PowerShares is not affiliated with ALPS Distributors, Inc.

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