

# XLUS

As of December 31, 2010

## Fund Description

The PowerShares S&P SmallCap Utilities Portfolio is based on the S&P SmallCap 600 Capped Utilities & Telecom Services 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. utilities and telecommunication services companies. These companies are principally engaged in providing either energy, water or natural gas utilities, as well as services designed to promote or enhance the transmission of voice, data and video over various communications media, including wireline, wireless (terrestrial-based), satellite and cable.

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<sup>3</sup>

|  |         |
|--|---------|
| PowerShares S&P SmallCap Utilities Portfolio | XLUS    |
| Intraday NAV (IIV)                           | XLUS.IV |

## Underlying Index Data

|  |                     |
|--|---------------------|
| S&P SmallCap 600 Capped Utilities & Telecom Services | SPSU6UT             |
| Index Provider                                       | Standard and Poor's |

## PowerShares S&P SmallCap Utilities Portfolio

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

|  | 1 Year | 3 Year | 5 Year | 10 Year | Fund Inception <sup>2</sup> |
|--|--------|--------|--------|---------|-----------------------------|
| <b>Underlying Index</b>                              |        |        |        |         |                             |
| S&P SmallCap 600 Capped Utilities & Telecom Services | -      | -      | -      | -       | 13.11                       |
| <b>Benchmark Index</b>                               |        |        |        |         |                             |
| S&P SmallCap 600                                     | -      | -      | -      | -       | 16.30                       |
| <b>Fund</b>  |        |        |        |         |                             |
| NAV  | -      | -      | -      | -       | 12.88                       |
| After Tax Held                                       | -      | -      | -      | -       | 12.04                       |
| After Tax Sold                                       | -      | -      | -      | -       | 8.35                        |
| Market Price   | -      | -      | -      | -       | 12.92                       |

*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](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 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.*

### Fund Inception: April 7, 2010

<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. 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.**



# PowerShares S&P SmallCap Utilities Portfolio

As of December 31, 2010

| Top Fund Holdings (%) <sup>4</sup><br>Name | Weight |
|--|--------|
| Piedmont Natural Gas Co.                   | 9.60   |
| New Jersey Resources Corp.                 | 8.46   |
| Southwest Gas Corp.                        | 7.95   |
| South Jersey Industries Inc.               | 7.51   |
| UIL Holdings Corp.                         | 7.19   |
| Allete Inc.                                | 4.64   |
| Avista Corp.                               | 4.59   |
| El Paso Electric Co.                       | 4.52   |
| Northwest Natural Gas Co.                  | 4.52   |
| CH Energy Group Inc. (Holding Co.)         | 4.51   |
| Laclede Group Inc.                         | 4.51   |
| NorthWestern Corp.                         | 4.49   |
| UniSource Energy Corp.                     | 4.42   |
| American States Water Co.                  | 4.03   |
| NTELOS Holdings Corp.                      | 3.54   |
| General Communication Inc. (CI A)          | 3.10   |
| Neutral Tandem Inc.                        | 3.00   |
| Cbeyond Inc.                               | 2.96   |
| USA Mobility Inc.                          | 2.46   |
| Atlantic Tele-Network Inc.                 | 2.18   |
| Central Vermont Public Service Corp.       | 1.80   |

| Fund Details <sup>3</sup>         |           |
|-----------------------------------|-----------|
| Weighted Harmonic Average         |           |
| Stock Price-to-Earnings Ratio     | 16.29     |
| Weighted Harmonic Average         |           |
| Stock Price-to-Book-Value Ratio   | 1.74      |
| Weighted Average Return on Equity | 11.50     |
| Weighted Market Cap (mm)          | 1,241     |
| Number of Securities              | 21        |
| Expense Ratio                     | 0.29%     |
| CUSIP                             | 73937B837 |
| Listing Exchange                  | NASDAQ    |

| Annual Index Performance (%) | S&P SmallCap 600                    |                   |
|------------------------------|-------------------------------------|-------------------|
|                              | Capped Utilities & Telecom Services | S&P Small-Cap 600 |
| 2010                         | -                                   | 26.31             |

| Fund Market-Cap Allocations (%) |       |
|---------------------------------|-------|
| Large-Cap Growth                | -     |
| Large-Cap Value                 | -     |
| Mid-Cap Growth                  | -     |
| Mid-Cap Value                   | -     |
| Small-Cap Growth                | 9.06  |
| Small-Cap Value                 | 90.94 |

| Fund Industry Allocations (%)          |       |
|--|-------|
| Gas Utilities                          | 42.55 |
| Electric Utilities                     | 22.58 |
| Multi-Utilities                        | 13.59 |
| Diversified Telecommunication Services | 11.24 |
| Wireless Telecommunication Services    | 6.00  |
| Water Utilities                        | 4.03  |

## Leading the Intelligent ETF Revolution<sup>®</sup>

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.

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.

<sup>4</sup> 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 utilities and telecom sectors. Companies engaged in these sectors 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](http://invescopowershares.com) for a prospectus. Please read the prospectus carefully before investing.**

Note: Not all products available through all firms.

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## 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 <b>Consumer Discretionary</b> Portfolio | XLYS       | PSCD       |
| PowerShares S&P SmallCap <b>Consumer Staples</b> Portfolio       | XLPS       | PSCC       |
| PowerShares S&P SmallCap <b>Energy</b> Portfolio                 | XLES       | PSCE       |
| PowerShares S&P SmallCap <b>Financials</b> Portfolio             | XLFS       | PSCF       |
| PowerShares S&P SmallCap <b>Health Care</b> Portfolio            | XLVS       | PSCH       |
| PowerShares S&P SmallCap <b>Industrials</b> Portfolio            | XLIS       | PSCI       |
| PowerShares S&P SmallCap <b>Information Technology</b> Portfolio | XLKS       | PSCT       |
| PowerShares S&P SmallCap <b>Materials</b> Portfolio              | XLBS       | PSCM       |
| PowerShares S&P SmallCap <b>Utilities</b> Portfolio              | XLUS       | PSCU       |
| PowerShares <b>QQQ</b>   | QQQQ       | QQQ        |

*For additional information call Invesco PowerShares at 800 983 0903.*

### **Not FDIC Insured I May Lose Value I No Bank Guarantee**

Note: Not all products available through all firms

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