

# BAB

As of March 31, 2012

## Fund Description

PowerShares fixed-income portfolios seek to provide income through intelligent indexes that derive their investment decisions from methodologies that incorporate technically advanced and robust institutional investment research.

The PowerShares Build America Bond Portfolio is based on The BofA Merrill Lynch Build America Bond Index. The Fund will normally invest at least 80% of its total assets in the securities that comprise the Index. The Index is designed to track the performance of U.S.-dollar-denominated Build America Bonds publicly issued by U.S. states and territories, and their political subdivisions, in the U.S. 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, 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 Data

Build America Bond Portfolio	BAB
Intraday NAV (IIV)	BAB.IV
CUSIP	73937B407
Listing Exchange	NYSE Arca
Number of Securities	316
30-Day SEC Yield	4.75%
Years To Maturity	24.59
Effective Duration	12.04
Modified Duration	10.45
Expense Ratio	0.35%
Net Expense Ratio	0.28%

The Adviser has contractually agreed to waive fees and/or pay certain Fund expenses through at least April 20, 2013.

## Underlying Index Data

BofA Merrill Lynch Build America Bond	BABS
Index Provider	BofA Merrill Lynch
Effective Duration	11.32
Modified Duration	10.55
Years To Maturity	23.01
Average Yield to Worst	4.82%
Number of Securities	10,352

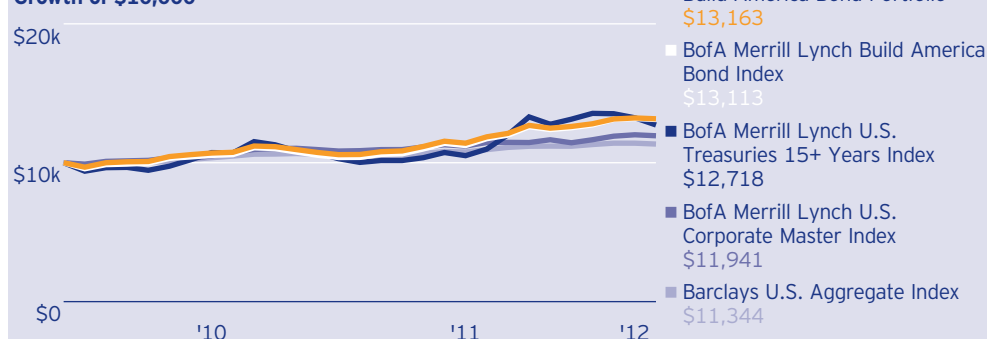
## Fund Inception: Nov. 17, 2009

**Index returns do not represent Fund returns. An investor cannot invest directly in an index.**

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

# PowerShares Build America Bond Portfolio

## Growth of \$10,000



Data beginning Nov. 30, 2009, the month end following Fund inception and ending March 31, 2012.

## Fund Performance & Index History (%)

	1 Year	3 Year	5 Year	10 Year	Fund Inception
<b>Underlying Index</b>					
BofA Merrill Lynch Build America Bond Index	23.24	-	-	-	12.47
<b>Benchmark Indexes</b>					
BofA Merrill Lynch U.S. Treasuries 15+ Years Index	25.20	6.75	9.59	8.65	11.33
BofA Merrill Lynch U.S. Corporate Master Index	9.07	13.59	6.76	6.61	8.03
Barclays U.S. Aggregate Index	7.71	6.83	6.26	5.80	5.75
<b>Fund</b>					
NAV	21.34	-	-	-	12.69
After Tax Held	19.07	-	-	-	10.59
After Tax Sold	13.76	-	-	-	9.59
Market Price	21.58	-	-	-	12.48

Performance data quoted represents past performance. 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.

## 1-Year Index Statistics

	Beta	Correlation	Sharpe Ratio	Volatility (%)
BofA Merrill Lynch Build America Bond Index	-	-	2.73	8.41
BofA Merrill Lynch U.S. Treasuries 15+ Years Index	0.43	0.92	1.40	17.88
BofA Merrill Lynch U.S. Corporate Master Index	1.36	0.85	1.77	5.23
Barclays U.S. Aggregate Index	2.06	0.89	2.08	3.65

Beta and correlation are relative to underlying index.

because of differences in the timing, amounts of their investments, and fees and expenses associated with an investment in the Fund.

The BofA Merrill Lynch U.S. Corporate Master Index tracks the performance of U.S. dollar denominated investment grade corporate debt publicly issued in the U.S. domestic market.

The BofA Merrill Lynch U.S. Treasuries 15+ Years Index is a subset of The BofA Merrill Lynch U.S. Treasuries Index including all securities with a remaining term to final maturity greater than or equal

to 15 years.

The Barclays 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.**



# PowerShares Build America Bond Portfolio

As of March 31, 2012

Top 10 Fund Holdings				
Name	Coupon	Maturity	S&P/Moody's Rating	Weight (%)
Chicago Ill O'Hare International Airport	6.395	1/1/2040	A-/A1	2.22
Los Angeles CA Unified School District	6.758	7/1/2034	AA-/Aa2	1.79
California State Muni	6.509	4/1/2039	A-/A1	1.77
Florida State Government Utility Authority	6.548	10/1/2040	NR/A2	1.76
Chicago Ill O'Hare International Airport	6.845	1/1/2038	A-/A1	1.67
California State	7.550	4/1/2039	A-/A1	1.53
Pennsylvania State Turnpike Preferred Traveler	5.511	12/1/2045	A+/Aa3	1.48
New York NY	5.968	3/1/2036	AA/Aa2	1.46
Chicago Ill BRD	6.138	12/1/2039	AA-/Aa3	1.46
Municipal Electric Authority Georgia	7.055	4/1/2057	A-/Baa2	1.38

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

Credit Ratings (%)			Maturity (years)	
	S&P	Moody's		Weight (%)
AAA/Aaa	10.03	4.90	0-1	-
AA/Aa	40.88	46.81	1-5	-
A/A	39.18	36.88	5-10	1.53
BBB/Baa	2.40	2.72	10-15	3.44
BB/Ba	0.12	-	15-20	20.85
B/B	-	-	20-25	23.78
Not Rated	7.40	8.69	25+	50.40

Annual Index Performance (%)			
	BofA ML Build America Bond	BofA ML U.S. Trsries 15+ Yrs.	BofA ML U.S. Corp. Mst
2010	8.47	9.57	9.52
2011	22.60	31.73	7.51
2012 YTD	3.09	-6.16	2.44

State Allocation (%)	
California	25.20
Illinois	10.07
New York	8.44
Florida	7.82
Texas	6.74
Nevada	5.47
New Jersey	5.15
Washington	4.36
Colorado	3.81
Pennsylvania	3.19

## Leading the Intelligent ETF Revolution®

### About risk

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

The Fund's use of a representative sampling approach will result in its holding a smaller number of bonds than are in the underlying Index, and may be subject to greater volatility.

The Shares are subject to market fluctuations caused by such factors as economic, political, regulatory or market developments, changes in interest rates and perceived trends in securities prices.

Municipal securities are subject to the risk that litigation, legislation or other political events, local business or economic conditions or the bankruptcy of the issuer could have a significant effect on an issuer's ability to make payments of principal and/or interest. Municipal securities can be significantly affected by political changes as well as uncertainties in the municipal market related to taxation, legislative changes or the rights of municipal security holders. Because many securities are issued to finance similar projects, especially those relating to education, Healthcare, transportation and utilities, conditions in those sectors can affect the overall municipal market. In addition, changes in the financial condition of an individual municipal insurer can affect the overall municipal market.

There is no guarantee that municipalities will continue to take advantage of the BAB program in the future and there can be no assurance that BABs will be actively traded. Furthermore, under the American Recovery and Reinvestment Act of 2009, the ability of municipalities to issue BABs expired on Dec. 31, 2010. As a result, the number of available BABs in the market is limited. In addition, illiquidity of the BABs

may negatively affect the value of the BABs.

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 **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. **Correlation** indicates the degree to which two investments have historically moved in the same direction and magnitude. **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 [moody.com](http://moody.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.

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Note: Not all products available through all firms.