

## PGX PowerShares Preferred Portfolio

As of Dec. 31, 2014

### Fund Description

The PowerShares Preferred Portfolio is based on The BofA Merrill Lynch Core Plus Fixed Rate Preferred Securities Index. The Fund will normally invest at least 80% of its total assets in fixed rate US dollar-denominated preferred securities that comprise the Index. The Index tracks the performance of fixed rate US dollar denominated preferred securities issued in the US domestic market. (Securities must be rated at least B3, based on an average of three leading ratings agencies: Moody's, S&P and Fitch) and must have an investment-grade country risk profile (based on an average of Moody's, S&P and Fitch foreign currency long-term sovereign debt ratings). The Fund and the Index are rebalanced and reconstituted on a monthly basis.

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

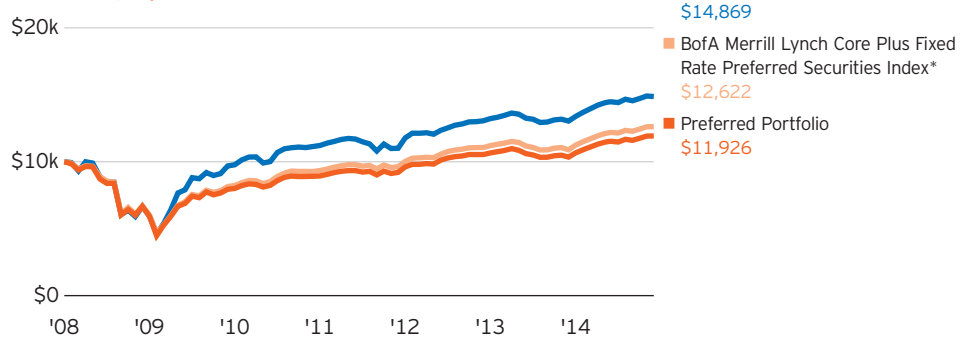
Preferred Portfolio	PGX
Intraday NAV (IIV)	PGXIV
CUSIP	73936T565
Listing Exchange	NYSE Arca
Options	Yes
Number of Securities	213
30-Day SEC Yield	6.04%
30-Day SEC Unsubsidized Yield	6.04%
Total Expense Ratio	0.50%

As of Dec. 31, 2013, the source of the calculation for these Fund characteristics was changed from Bloomberg to Aladdin (BRS).

### Underlying Index Data

BofA Merrill Lynch Core Plus Fixed Rate Preferred Securities	POP4
Index Provider	BofA Merrill Lynch
Number of Securities	317

### Growth of \$10,000



Data beginning Fund inception and ending Dec. 31, 2014. Fund performance shown at NAV.

### Fund Performance & Index History (%)

	1 year	3 year	5 year	10 year	Fund Inception
<b>Underlying Index</b>					
BofA Merrill Lynch Core Plus Fixed Rate Preferred Securities Index	15.93	–	–	–	–
<b>Benchmark Index</b>					
S&P U.S. Preferred Stock Index	14.07	10.55	8.96	–	5.90
<b>Fund</b>					
NAV	15.29	9.03	8.47	–	2.58
After Tax Held	12.27	6.83	6.48	–	0.57
After Tax Sold	8.57	6.31	6.12	–	1.38
Market Price	16.01	9.07	8.44	–	2.39

Returns less than one year are cumulative. 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. Fund performance reflects fee waivers, absent which, performance data quoted would have been lower.

### 1-Year Index Statistics

	Alpha	Beta	Correlation	Sharpe Ratio	Volatility (%)
BofA Merrill Lynch Core Plus Fixed Rate Preferred Securities Index	–	–	–	5.51	2.86
S&P U.S. Preferred Stock Index	3.45	0.86	0.93	4.50	3.09

Alpha, beta and correlation are that of the underlying index.

### Fund Inception: Jan. 31, 2008

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

The BofA Merrill Lynch Core Plus Fixed Rate Preferred Securities Index\* performance prior to April 2, 2012 reflects that of the original Underlying Index The BofA Merrill Lynch Core Plus Fixed Rate Preferred Securities Index. From April 2, 2012, forward, the Index performance reflects that of the Underlying Index The BofA Merrill Lynch Core Plus Fixed Rate Preferred Securities Index AND IS NOT INTENDED FOR ANY

### THIRD PARTY USE.

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 U.S. Preferred Stock Index is an unmanaged index consisting of US-listed preferred stocks.

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 Dec. 31, 2014

## Top 10 Fund Holdings

Name	Coupon	Maturity	S&P/Moody's Rating	Weight (%)
Barclays Bank PLC	8.125	12/31/2049	BB/Ba2	3.82
HSBC Holdings PLC	8.000	12/31/2049	BBB-/Baa2	2.87
Wells Fargo & Co	8.000	12/31/2049	BBB/Baa3	2.77
HSBC Holdings PLC	8.125	12/31/2049	BBB-/Baa2	2.67
Deutsche Bank Contingent Capital Trust V	8.050	12/31/2049	BB/Ba3	2.53
Morgan Stanley Capital Trust VII	6.600	10/15/2066	BB/Ba1	2.45
GMAC Capital Trust I	8.125	2/15/2040	B/B3	2.12
Citigroup Capital XIII	7.875	10/30/2040	BB/Ba1	2.04
ING Groep NV	7.375	12/31/2049	BB/Ba1	1.88
Public Storage	6.500	12/31/2049	BBB+/A3	1.74

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

## Credit Ratings (%)

	S&P	Moody's
AA/Aa	1.47	–
A/A	3.62	5.83
BBB/Baa	47.89	43.85
BB/Ba	37.63	36.83
B/B	8.64	9.36
CCC/Caa	–	0.51
Not Rated/Not Rated	0.74	3.61

## Maturity (years)

	Weight (%)
0-1	0.01
1-5	–
5-10	0.78
10-15	–
15-20	–
20-25	1.98
25+	97.23

## Fund Sector Allocations (%)

Consumer Discretionary	0.20
Consumer Staples	–
Energy	0.29
Financials	88.11
Health Care	–
Industrials	2.38
Information Technology	–
Materials	0.13
Telecommunication Services	3.77
Utilities	5.12

## 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 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.

Non-investment grade securities may be subject to greater price volatility due to specific corporate developments, interest-rate sensitivity, negative perceptions of the non-investment grade securities market, adverse economic and competitive industry conditions and decreased market liquidity.

**Preferred securities may be less liquid than many other securities, and in certain circumstances, an issuer of preferred securities may redeem the securities prior to a specified date.**

Investing in securities of small and medium-sized companies may involve greater risk than is customarily associated with investing in large companies.

Investments focused in a particular industry or sector, such as the financial institutions, are subject to greater risk, and are more greatly impacted by market volatility, than more diversified investments.

Investments in fixed-income securities, such as notes and bonds, 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. Due to anticipated Federal Reserve Board policy changes, there is a risk that interest rates will rise in the near future.

Foreign securities have additional risks, including exchange-rate changes, decreased market liquidity, political instability and taxation by foreign governments.

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. **Alpha** is a measure of performance on a risk-adjusted basis. **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. Futures and other derivatives are not eligible for assigned credit ratings by any NRSRO and are excluded from quality allocations. 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. The **30-Day SEC Yield** is based on a 30-day period and is computed by dividing the net investment income per share earned during the period by the maximum offering price per share on the last day of the period. The **30-Day SEC Unsubsidized Yield** reflects the 30-day yield if the investment adviser were not waiving all or part of its fee or reimbursing the fund for part of its expenses. Total return would have also been lower in the absence of these temporary reimbursements or waivers.

Typically, security classifications used in calculating allocation tables are as of the last trading day of the previous month.

The Global Industry Classification Standard was developed by and is the exclusive property and a service mark of MSCI, Inc. and Standard & Poor's.

"BofA Merrill Lynch", "The BofA Merrill Lynch Core Fixed Rate Preferred Securities Index" and "The BofA Merrill Lynch Core Plus Fixed Rate Preferred Securities Index" are reprinted with permission. ©Copyright 2012 Merrill Lynch, Pierce, Fenner & Smith Incorporated ("BofA Merrill Lynch"). All rights reserved. "BofA Merrill Lynch", "The BofA Merrill Lynch Core Fixed Rate Preferred Securities Index" and

"The BofA Merrill Lynch Core Plus Fixed Rate Preferred Securities Index" are service marks of BofA Merrill Lynch and/or its affiliates and have been licensed for use for certain purposes by PowerShares on behalf of the PowerShares Preferred Portfolio that is based on The BofA Merrill Lynch Core Plus Fixed Rate Preferred Securities Index, and is not issued, sponsored, endorsed or promoted by BofA Merrill Lynch and/or BofA Merrill Lynch's affiliates nor is BofA Merrill Lynch and/or BofA Merrill Lynch's affiliates an adviser to the PowerShares Preferred Portfolio. BofA Merrill Lynch and BofA Merrill Lynch's affiliates make no representation, express or implied, regarding the advisability of investing in the PowerShares Preferred Portfolio or The BofA Merrill Lynch Core Plus Fixed Rate Preferred Securities Index and do not guarantee the quality, accuracy or completeness of The BofA Merrill Lynch Core Plus Fixed Rate Preferred Securities Index, index values or any index related data included herein, provided herewith or derived therefrom and assume no liability in connection with their use. As the index provider, BofA Merrill Lynch is licensing certain trademarks. The BofA Merrill Lynch Core Fixed Rate Preferred Securities Index, The BofA Merrill Lynch Core Plus Fixed Rate Preferred Securities Index and trade names which are composed by BofA Merrill Lynch without regard to PowerShares, the PowerShares Preferred Portfolio or any investor. BofA Merrill Lynch and BofA Merrill Lynch's affiliates do not provide investment advice to PowerShares or the PowerShares Preferred Portfolio and are not responsible for the performance of the PowerShares Preferred Portfolio. **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.**

**Before investing, investors should carefully read the prospectus/summary prospectus and carefully consider the investment objectives, risks, charges and expenses. For this and more complete information about the Fund call 800 983 0903 or visit [invescopowershares.com](http://invescopowershares.com) for the prospectus/summary prospectus.**

Note: Not all products available through all firms or in all jurisdictions.