

PCY PowerShares Emerging Markets Sovereign Debt Portfolio

As of Dec. 31, 2014

Fund Description

The PowerShares Emerging Markets Sovereign Debt Portfolio is based on the DB Emerging Market USD Liquid Balanced Index. The Fund will normally invest at least 80% of its total assets in US dollar-denominated government bonds from emerging market countries that comprise the Index. The Index tracks the potential returns of a theoretical portfolio of liquid emerging markets US dollar-denominated government bonds. The countries in the Index are selected annually pursuant to a proprietary index methodology. The Fund and the Index are rebalanced and reconstituted quarterly.

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

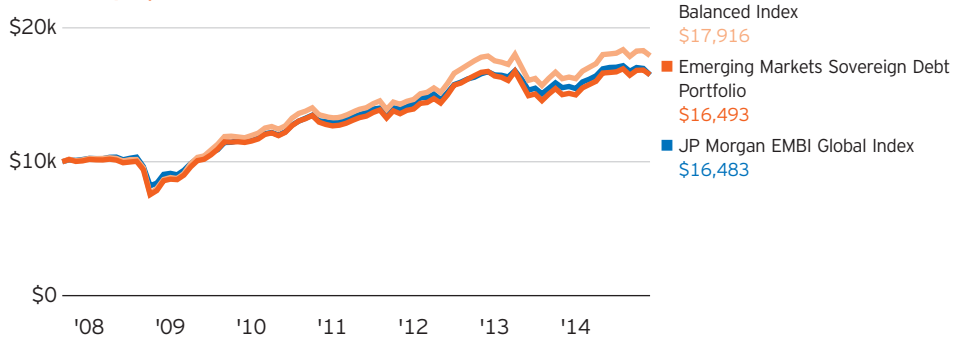
Emerging Markets Sovereign Debt Portfolio	PCY
Intraday NAV (IIV)	PCYIV
CUSIP	73936T573
Listing Exchange	NYSE Arca
Options	Yes
Number of Securities	67
30-Day SEC Yield	5.17%
30-Day SEC Unsubsidized Yield	5.17%
Years To Maturity	14.70
Effective Duration	9.18 Yrs
Total Expense Ratio	0.50%

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

Underlying Index Data

DB Emerging Market USD Liquid Balanced	DBLQBLTR
Index Provider	Deutsche Bank
Effective Duration	9.19 Yrs
Years To Maturity	14.82
Average Yield to Worst	5.69%
Number of Securities	67

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
Underlying Index					
DB Emerging Market USD Liquid Balanced Index	9.78	7.27	8.73	-	8.41
Benchmark Index					
JP Morgan EMBI Global Index	5.53	5.33	7.27	7.68	7.17
Fund					
NAV	9.18	6.03	7.59	-	7.17
After Tax Held	7.05	4.05	5.56	-	5.04
After Tax Sold	5.17	3.80	5.08	-	4.71
Market Price	8.94	5.68	7.27	-	7.00

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 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.

5-Year Index Statistics

	Alpha	Beta	Correlation	Sharpe Ratio	Volatility (%)
DB Emerging Market USD Liquid Balanced Index	-	-	-	1.04	8.36
JP Morgan EMBI Global Index	0.60	1.12	0.98	0.98	7.31

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

A Smart Beta Portfolio

Fund Inception: Oct. 11, 2007

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

The JP Morgan Emerging Markets Bond Index Global (JP Morgan EMBI Global) is an unmanaged index that

tracks debt securities of emerging markets.

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 100,000 Shares.

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Top 10 Fund Holdings

Name	Coupon	Maturity	S&P/Moody's Rating	Weight (%)
Romanian Government International Bond	4.375	8/22/2023	BBB-/Baa3	2.31
Romanian Government International Bond	6.750	2/7/2022	BBB-/Baa3	2.26
Republic of Latvia	2.750	1/12/2020	A-/Baa1	2.21
Republic of Latvia	5.250	6/16/2021	A-/Baa1	2.16
Turkey Government International Bond	8.000	2/14/2034	BBB/Baa3	1.69
Hungary Government International Bond	7.625	3/29/2041	BB/Ba1	1.67
Turkey Government International Bond	7.250	3/5/2038	BBB/Baa3	1.64
El Salvador Government International Bond	7.625	2/1/2041	B+/Ba3	1.63
Turkey Government International Bond	6.875	3/17/2036	BBB/Baa3	1.63
Indonesia Government International Bond	7.750	1/17/2038	BB+/Baa3	1.61

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

Credit Ratings (%)

	S&P	Moody's
AA/Aa	4.60	8.99
A/A	17.53	13.58
BBB/Baa	49.73	53.98
BB/Ba	13.55	13.62
B/B	9.11	4.35
CCC/Caa	5.47	5.47
Not Rated/Not Rated	-	-

Maturity (years)

	Weight (%)
0-1	-
1-5	5.71
5-10	36.09
10-15	4.53
15-20	16.88
20-25	15.68
25+	21.12

Annual Index Performance (%)

	DB Emg. Mkt.	JP EMBI
2008	-14.41	-10.91
2009	35.92	28.18
2010	13.49	12.04
2011	8.47	8.46
2012	23.27	18.54
2013	-8.78	-6.58
2014	9.78	5.53

Fund Country Allocations (%)

Turkey	4.96
El Salvador	4.76
Indonesia	4.70
Brazil	4.67
Panama	4.63
Hungary	4.60
Qatar	4.59
Peru	4.59
Uruguay	4.58
Romania	4.57

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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.

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.

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.

Government obligors in emerging market countries are among the world's largest debtors to commercial banks, other governments, international financial organizations and other financial institutions.

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.

The Fund may invest in illiquid securities, resulting in a decline of the Fund's returns.

The Fund will invest in foreign bonds and, because foreign exchanges may be open on days when the Fund does not price its shares, the value of the non-US securities in the Fund's portfolio may change on days when you will not be able to purchase or sell your shares.

Global bonds are subject to the same risks as other debt issues, notably credit risk, market risk, interest rate risk and liquidity risk. Investments in the securities of non-US issuers involve risks beyond those associated with investments in US securities, including

greater market volatility, the availability of less reliable financial information, higher transactional costs, taxation by foreign governments, decreased market liquidity and political instability. Investment in securities in emerging market countries involves risks not associated with investments in securities in developed countries.

Sovereign debt securities are subject to the additional risk that – under some political, diplomatic, social or economic circumstances – some developing countries that issue lower quality debt securities may be unable or unwilling to make principal or interest payments as they come due. The fund may have limited legal recourse against the issuer and/or guarantor of sovereign debt when default occurs. As a holder of government debt, the Fund may be requested to participate in the rescheduling of such debt and to extend further loans to government debtors.

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.

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. **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. 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. **Beta** is a measure of risk representing how a security is expected to respond to general market movements. **Smart Beta** represents an alternative and selection index based methodology that seeks to outperform a benchmark or reduce portfolio risk, or both. Smart beta funds may underperform cap-weighted benchmarks and increase portfolio risk.

Deutsche Bank Securities Inc. is the Index Provider for the PowerShares Emerging Markets Sovereign Debt Portfolio. DB is not affiliated with the Trust, the Adviser or the Distributor. The Adviser has entered into a license agreement with the Index Provider to use the Deutsche Bank Emerging Market U.S. Dollar Liquid Balanced Index. The PowerShares Emerging Markets Sovereign Debt Portfolio is entitled to use the Deutsche Bank Emerging Market U.S. Dollar Liquid Balanced Index pursuant to a sublicensing arrangement with the Adviser.

Invesco Distributors, Inc. is the distributor of the PowerShares Exchange-Traded Fund Trust II.

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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 for the prospectus/summary prospectus.

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