ETF Liquidity & Trading
Case Study: Liquidity Approaches for Emerging Markets ETPs

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ETF Liquidity & Trading
Important Information

There are risks involved with investing in ETFs including possible loss of money. Shares are not actively managed and are subject to risk similar to stocks, including those related to short selling and margin maintenance. Ordinary brokerage commissions apply.

**EELV Risk Information**
The prices of equity securities change in response to many factors, including the historical and prospective earnings of the issuer, the value of its assets, general economic conditions, interest rates, investor perceptions and market liquidity.

Investing in securities of medium capitalization companies involves greater risk than customarily associated with investing in larger, more established companies.

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

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

Investment in securities in emerging market countries involves risks not associated with investments in securities in developed countries.

The Fund is considered non-diversified and may be subject to greater risks than a diversified fund. The Fund is non-diversified and can invest a greater portion of its assets in securities of individual issuers than a diversified fund.

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Important Information

To obtain a copy of the EEM prospectus, please visit ishares.com.

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

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An investor should consider the Fund's investment objectives, risks, charges and expenses carefully before investing. For this and more complete information about the Fund, call 800.983.0903. Please read the prospectus carefully before investing.

Note: Not all products, materials or services available at all firms.

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.
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Rules of engagement

1. Begin your ETF research by looking under the hood of the ETF.
   - Does the ETF hold the securities I want exposure to?
   - Does the weighting of the underlying securities align with the trade I want to put on?

2. Understand the Index methodology. ETF descriptions can be misleading:
   - There are 15+ Technology ETFs listed in the U.S
   - Weighting methodologies differ: Market cap, fundamental, price, quant, leveraged, etc.

3. Avoid market orders. Use Limit orders when possible.
   - Market Orders prioritize speed of execution
   - Limit orders prioritize price of execution
Comparing two Emerging Markets ETFs:

(1) EELV: PowerShares S&P Emerging Markets Low Volatility Portfolio
(2) EEM: iShares MSCI Emerging Markets Index

Emerging Markets Rally

Emerging Markets Sell-off
EELV leads EEM by 801bps (Mar. 1, 2012 – June. 1, 2012)
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Emerging Markets ETFs

Standardized Performance as of 12/31/2012

<table>
<thead>
<tr>
<th>Fund</th>
<th>Expense Ratio</th>
<th>1 Yr</th>
<th>5 Yr</th>
<th>Since EELV Inception (01/13/12)</th>
<th>Since EEM Inception (04/07/03)</th>
</tr>
</thead>
<tbody>
<tr>
<td>EELV NAV</td>
<td>0.29%</td>
<td>-</td>
<td>-</td>
<td>17.08%</td>
<td>-</td>
</tr>
<tr>
<td>EELV Mkt Price</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>17.89%</td>
<td>-</td>
</tr>
<tr>
<td>EEM NAV</td>
<td>0.66%</td>
<td>17.32%</td>
<td>-1.07%</td>
<td>12.88%</td>
<td>16.70%</td>
</tr>
<tr>
<td>EEM Mkt Price</td>
<td>-</td>
<td>19.04%</td>
<td>-0.55%</td>
<td>-</td>
<td>16.91%</td>
</tr>
</tbody>
</table>

EELV Fund Objective
The PowerShares S&P Emerging Markets Low Volatility Portfolio (Fund) is based on the S&P BMI Emerging Markets Low Volatility Index (Index). The Fund will invest at least 90% of its total assets in the securities of companies that comprise the Index. The Index is compiled, maintained and calculated by Standard & Poor’s and consists of the 200 least volatile stocks of the S&P Emerging BMI Plus LargeMid Cap Index over the past 12 months. Volatility is a statistical measurement of the magnitude of up and down asset price fluctuations over time. The Fund is rebalanced and reconstituted quarterly.

EEM Fund Objective
The iShares MSCI Emerging Markets Index Fund seeks to provide investment results that correspond generally to the price and yield performance, before fees and expenses, of publicly traded securities in emerging markets, as represented by the MSCI Emerging Markets Index. The Index was developed as an equity benchmark for emerging market stock performance. It is a cap-weighted index that aims to capture 85% of the total market cap. MSCI reviews its indexes quarterly.

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 or ishares.com to find the most recent month-end performance numbers. 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.

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Looking at the order book

Example of the order book: EELV
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Block execution (example)

PowerShares S&P Emerging Markets Low Volatility Portfolio (symbol: EELV)

<table>
<thead>
<tr>
<th>PowerShares S&amp;P Emerging Markets Low Volatility Portfolio (EELV)</th>
</tr>
</thead>
<tbody>
<tr>
<td>EELV SHARES BUY 2,507,000</td>
</tr>
<tr>
<td>Date 11/19/2012</td>
</tr>
<tr>
<td>ETF Price $26.9793</td>
</tr>
<tr>
<td>Notional $67,637,105</td>
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</tbody>
</table>

EELV Shares Outstanding

For illustrative purposes only.
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PowerShares Capital Markets Support
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