

April 30, 2017

2017 Semi-Annual Report to Shareholders

BKLN PowerShares Senior Loan Portfolio

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PowerShares Senior Loan Portfolio (BKLN)

April 30, 2017

(Unaudited)

Portfolio Composition

Credit Quality Rating Breakdown* (% of the Fund's Net Assets) as of April 30, 2017

Baa2	1.4
Baa3	5.5
Ba1	11.5
Ba2	10.7
Ba3	26.0
B1	18.0
B2	7.5
B3	2.6
Caa1	2.8
Caa2	0.7
Ca	0.5
Not Rated	3.4
Money Market Fund Plus Other Assets Less Liabilities	9.4

* Source: Moody's. A credit rating is an assessment provided by a nationally recognized statistical rating organization (NRSRO) of the creditworthiness of an issuer with respect to debt obligations, including specific securities, money market instruments or other debts. Ratings are measured on a scale that generally ranges from Aaa (highest) to C (lowest); ratings are subject to change without notice. "Non-Rated" indicates the debtor was not rated, and should not be interpreted as indicating low quality. For more information on Moody's rating methodology, please visit moody's.com and select "Rating Methodologies" under Research and Ratings on the homepage.

Schedule of Investments

Principal Amount		Interest Rate	Maturity Date	Value
Variable Rate Senior Loan Interests—88.3%(a)(b)				
<i>Advertising—1.9%</i>				
\$ 63,838,524	Acosta, Inc., Term Loan B1	4.250%	09/26/2021	\$ 59,662,208
64,158,117	Getty Images, Inc., Term Loan	4.750	10/18/2019	56,993,580
60,385,091	Karman Buyer Corp., Term Loan	4.250	07/25/2021	59,101,908
				<u>175,757,696</u>
<i>Aerospace/Defense—1.0%</i>				
94,491,448	TransDigm, Inc., Term Loan F	3.993	06/09/2023	<u>94,491,448</u>
<i>Airlines—0.5%</i>				
44,843,887	American Airlines, Inc., Term Loan	2.993	06/27/2020	<u>44,919,673</u>
<i>Auto Parts & Equipment—0.6%</i>				
593,856	Allison Transmission, Inc., Extended Term Loan	2.990	09/23/2022	601,009
58,349,941	Federal-Mogul Holdings Corp., Term Loan C	4.750	04/15/2021	<u>58,401,873</u>
				<u>59,002,882</u>
<i>Beverages—1.0%</i>				
91,001,502	Keurig Green Mountain, Inc., Term Loan A	2.500	03/03/2021	<u>91,044,273</u>

See accompanying Notes to Financial Statements which are an integral part of the financial statements.

PowerShares Senior Loan Portfolio (BKLN) (continued)

April 30, 2017

(Unaudited)

Principal Amount		Interest Rate	Maturity Date	Value
Variable Rate Senior Loan Interests (continued)				
<i>Building Materials—0.9%</i>				
\$ 81,163,462	Quikrete Holdings, Inc., Term Loan	4.287%	11/15/2023	\$ 81,493,391
<i>Commercial Services—3.8%</i>				
106,507,623	Pharmaceutical Product Development, Inc., Term Loan	4.397	08/18/2022	107,211,106
117,849,381	Prime Security Services Borrower LLC, Term Loan B1	4.287	05/02/2022	119,239,415
64,097,821	Trans Union LLC, Term Loan B2	3.493	04/09/2023	64,722,774
65,650,794	Weight Watchers International, Inc., Term Loan B2	4.340	04/02/2020	62,542,557
				<u>353,715,852</u>
<i>Computers—2.8%</i>				
20,860,149	Tempo Acquisition LLC, Term Loan	4.037	04/21/2024	20,875,794
	Western Digital Corp.			
108,391,905	Term Loan A	2.993	04/29/2021	109,069,354
131,055,551	Term Loan B2	3.743	04/29/2023	132,448,016
				<u>262,393,164</u>
<i>Distribution/Wholesale—1.3%</i>				
American Builders & Contractors Supply Co., Inc.				
49,627,421	Term Loan	3.743	10/31/2023	49,996,153
5,327,110	Term Loan B1	3.787	10/31/2023	5,366,690
69,783,917	Univar, Inc., Term Loan B2	3.743	07/01/2022	70,094,804
				<u>125,457,647</u>
<i>Diversified Financial Services—0.5%</i>				
41,983,438	Vantiv LLC, Term Loan A3	2.740	10/14/2021	42,263,257
<i>Electric—4.2%</i>				
71,750,000	Dynegy, Inc., Term Loan C1	4.250	06/27/2023	71,817,445
165,210,689	Energy Future Intermediate Holding Co. LLC, DIP Term Loan	4.304	06/30/2017	166,228,387
59,233,186	NRG Energy, Inc., Term Loan	3.243	06/30/2023	59,535,571
	Vistra Operations Co. LLC			
76,149,069	Term Loan B	3.753	08/04/2023	76,077,489
17,395,276	Term Loan C	3.795	08/04/2023	17,378,924
				<u>391,037,816</u>
<i>Entertainment—3.9%</i>				
104,629,221	Alpha Topco Ltd., Term Loan B3 (United Kingdom)	4.568	07/30/2021	104,903,872
63,187,004	Amaya (US) Co-Borrower LLC, Term Loan B3 (Canada)	4.647	08/01/2021	63,305,480
8,615,010	Lions Gate Entertainment Corp., Term Loan B	3.982	12/08/2023	8,676,952
106,999,552	Scientific Games International, Inc., Term Loan B3	4.994	10/01/2021	108,729,735
81,157,693	William Morris Endeavor Entertainment LLC, Term Loan	4.250	05/06/2021	81,817,099
				<u>367,433,138</u>
<i>Food—2.4%</i>				
Albertson's LLC				
82,824,051	Term Loan B4	3.993	08/25/2021	83,207,940
21,183,385	Term Loan B6	4.302	06/22/2023	21,299,682
53,680,575	Pinnacle Foods Finance LLC, Term Loan	2.983	02/02/2024	54,068,149
69,189,139	US Foods, Inc., Term Loan	3.787	06/27/2023	69,902,825
				<u>228,478,596</u>
<i>Food Service—0.5%</i>				
42,982,467	Aramark Services, Inc., Term Loan B	2.993	03/28/2024	43,412,292
<i>Healthcare-Products—0.7%</i>				
69,935,209	Ortho-Clinical Diagnostics, Inc., Term Loan	4.750	06/30/2021	69,689,387
<i>Healthcare-Services—4.9%</i>				
91,703,567	CHS/Community Health Systems, Inc., Term Loan H	4.048	01/27/2021	91,249,634
107,687,727	DaVita HealthCare Partners, Inc., Term Loan B	3.743	06/24/2021	108,953,058
118,333,818	Envision Healthcare Corp., Term Loan	4.150	12/01/2023	119,768,615
109,098,910	MPH Acquisition Holdings LLC, Term Loan B	4.897	06/07/2023	110,667,207
26,729,185	U.S. Renal Care, Inc., Term Loan	5.397	12/30/2022	25,409,432
				<u>456,047,946</u>

See accompanying Notes to Financial Statements which are an integral part of the financial statements.

PowerShares Senior Loan Portfolio (BKLN) (continued)

April 30, 2017

(Unaudited)

Principal Amount		Interest Rate	Maturity Date	Value
Variable Rate Senior Loan Interests (continued)				
<i>Holding Companies-Diversified-0.8%</i>				
\$ 72,826,996	Travelport LLC, Term Loan C (Luxembourg)	4.289%	09/02/2021	\$ 73,483,531
<i>Household Products/Wares-3.1%</i>				
	Dell International LLC			
131,065,918	Term Loan A2	3.250	09/07/2021	131,426,349
155,743,172	Term Loan B	3.500	09/07/2023	156,507,871
				<u>287,934,220</u>
<i>Insurance-2.3%</i>				
	Asurion LLC			
63,770,440	Term Loan	8.500	03/03/2021	64,866,335
7,952,498	Term Loan B2	4.243	07/08/2020	8,019,617
66,270,136	Term Loan B4	4.250	08/04/2022	66,787,706
15,620,158	Term Loan B5	4.750	11/03/2023	15,756,834
62,812,288	HUB International Ltd., Term Loan	4.035	10/02/2020	63,232,502
				<u>218,662,994</u>
<i>Internet-0.5%</i>				
46,705,624	Zayo Group LLC, Term Loan B2	3.500	01/19/2024	47,072,263
<i>Investment Companies-1.4%</i>				
131,348,264	RPI Finance Trust, Term Loan B6	3.153	03/27/2023	131,964,287
1,994,828	WaveDivision Holdings LLC, Term Loan	3.787	10/14/2019	2,002,000
				<u>133,966,287</u>
<i>Lodging-4.7%</i>				
81,968,093	Caesars Entertainment Resort Properties LLC, Term Loan B	7.000	10/11/2020	82,378,344
	Harrah's Operating Co., Inc. ^(c)			
78,938,085	Term Loan B6	1.500	03/01/2017	92,127,060
55,728,896	Term Loan B7	1.500	03/01/2017	68,267,897
122,605,245	Hilton Worldwide Finance LLC, Series B-2 Term Loan	2.991	10/25/2023	123,754,669
75,415,912	Las Vegas Sands LLC, Term Loan B	3.037	03/29/2024	75,572,777
				<u>442,100,747</u>
<i>Machinery-Construction & Mining-0.8%</i>				
76,442,409	Cortez NP Acquisition Corp., Term Loan B	5.030	11/30/2023	77,047,451
<i>Machinery-Diversified-0.5%</i>				
44,785,127	Gardner Denver, Inc., Term Loan	4.560	07/30/2020	44,838,869
15,094	Rexnord LLC, Term Loan B	3.890	08/21/2023	15,166
4,233,209	Zebra Technologies Corp., Term Loan	3.600	10/27/2021	4,280,451
				<u>49,134,486</u>
<i>Media-10.1%</i>				
87,279,751	Charter Communications Operating LLC, Term Loan I1	3.287	01/15/2024	87,814,339
92,289,681	CSC Holdings LLC, Term Loan	3.244	07/15/2025	92,396,737
51,691,918	Cumulus Media Holdings, Inc., Term Loan	4.250	12/23/2020	40,707,386
132,674,940	iHeartCommunications, Inc., Term Loan D	7.743	01/30/2019	113,720,998
8,512,850	Mission Broadcasting, Inc., Term Loan B	3.994	01/17/2024	8,600,277
87,807,116	Nexstar Broadcasting, Inc., Term Loan B	3.994	01/17/2024	88,708,895
80,485,200	Nielsen Finance LLC, Term Loan B4	2.990	10/04/2023	80,932,296
36,795,921	Numericable-SFR S.A., Term Loan B10 (France)	4.428	01/14/2025	36,887,911
71,682,765	Tribune Media Co., Term Loan C	3.993	01/27/2024	72,298,878
84,682,205	Univision Communications Inc., Term Loan	3.750	03/15/2024	84,238,894
114,428,193	Virgin Media Investment Holdings Ltd., Term Loan I	3.744	01/31/2025	115,006,627
43,815,852	WideOpenWest Finance LLC, Term Loan B	4.554	08/19/2023	44,126,288
84,050,818	Ziggo Secured Finance Partnership, Term Loan E (Netherlands)	3.494	04/15/2025	84,160,084
				<u>949,599,610</u>
<i>Mining-0.3%</i>				
31,739,802	Fortescue Metals Group Ltd., Term Loan (Australia)	3.750	06/30/2019	31,989,435

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PowerShares Senior Loan Portfolio (BKLN) (continued)

April 30, 2017

(Unaudited)

Principal Amount		Interest Rate	Maturity Date	Value
Variable Rate Senior Loan Interests (continued)				
<i>Miscellaneous Manufacturing—0.6%</i>				
\$ 57,260,090	Gates Global LLC, Term Loan B1	4.408%	04/01/2024	\$ 57,621,688
<i>Oil & Gas—1.2%</i>				
63,372,739	Drillships Financing Holding, Inc., Term Loan B1 (Cyprus)	8.000	03/31/2021	47,925,634
95,485,790	Seadrill Operating LP, Term Loan (United Kingdom)	4.147	02/21/2021	64,978,080
				112,903,714
<i>Packaging & Containers—1.4%</i>				
54,509,549	Berry Plastics Corp., Term Loan I	3.507	10/01/2022	54,928,727
73,429,345	Reynolds Group Holdings, Inc., Term Loan	3.993	02/05/2023	73,884,240
				128,812,967
<i>Pharmaceuticals—4.3%</i>				
122,000,000	Change Healthcare Holdings, Inc., Term Loan	3.750	03/01/2024	122,519,110
13,605,340	Endo Pharmaceuticals Holdings, Inc., Term Loan (Luxembourg)	5.287	04/12/2024	13,731,189
99,134,961	Grifols Worldwide Operations USA, Inc., Term Loan B (Spain)	3.195	01/31/2025	99,482,925
167,403,277	Valeant Pharmaceuticals International, Inc., Series F-1 Term Loan B	5.740	04/01/2022	168,615,277
				404,348,501
<i>Pipelines—0.8%</i>				
70,798,617	Energy Transfer Equity, L.P., Term Loan	3.733	02/02/2024	71,049,244
<i>Real Estate—0.8%</i>				
78,451,943	Cushman & Wakefield, Term Loan	4.340	11/04/2021	78,904,218
<i>REITs—1.3%</i>				
64,712,160	Communications Sales & Leasing, Inc., Term Loan B	4.000	10/24/2022	64,641,300
58,445,849	MGM Growth Properties Operating Partnership LP, Term Loan B	3.493	04/25/2023	58,654,793
				123,296,093
<i>Retail—9.3%</i>				
96,901,574	Bass Pro Group LLC, Term Loan	6.147	12/16/2023	94,606,945
62,000,000	BJ's Wholesale Club, Inc., Term Loan B	4.750	02/03/2024	61,866,700
70,195,747	Harbor Freight Tools USA, Inc., Term Loan	4.243	08/19/2023	70,117,128
69,429,173	Michaels Stores, Inc., Term Loan B1	3.750	01/28/2023	69,385,779
97,195,357	Neiman Marcus Group, Inc., Term Loan	4.250	10/25/2020	77,810,229
163,648,875	New Red Finance, Inc., Term Loan B3 (Canada)	3.310	02/16/2024	163,935,260
81,490,223	Petco Animal Supplies, Inc., Term Loan	4.172	01/26/2023	74,079,910
144,889,344	PetSmart, Inc., Term Loan B2	4.020	03/11/2022	133,348,184
64,937,343	Pizza Hut Holdings LLC, Term Loan B	2.994	06/16/2023	65,404,243
62,241,371	Serta Simmons Bedding LLC, Term Loan	4.538	11/08/2023	62,528,303
				873,082,681
<i>Semiconductors—0.7%</i>				
66,744,380	ON Semiconductor Corp., Term Loan	3.243	03/31/2023	67,151,187
<i>Software—5.7%</i>				
76,158,233	BMC Software Finance, Inc., Term Loan B1	5.000	09/10/2022	76,701,241
	First Data Corp.			
123,953,478	Term Loan	3.991	03/24/2021	124,154,902
55,639,706	Term Loan	3.988	07/10/2022	56,022,229
73,529,295	Infor US, Inc., Term Loan B6	3.897	02/01/2022	73,489,222
74,007,750	Kronos, Inc., Term Loan	5.034	11/01/2023	74,365,207
65,336,250	Rackspace Hosting, Inc., Term Loan B	4.500	11/03/2023	65,882,461
64,283,972	Veritas US, Inc., Term Loan B1	6.772	01/27/2023	64,063,157
				534,678,419
<i>Telecommunications—5.7%</i>				
62,286,281	Avaya, Inc., Term Loan B7(c)(d)	6.250	05/29/2020	52,250,404
101,167,401	Intelsat Jackson Holdings SA, Term Loan B2 (Luxembourg)	3.887	06/30/2019	100,069,228
152,604,855	Level 3 Financing, Inc., Term Loan B	3.241	02/22/2024	153,258,767
72,782,965	LTS Buyer LLC, Term Loan B	4.397	04/13/2020	73,198,919
35,000,000	Sprint Communications Inc., Term Loan	3.500	02/03/2024	35,082,075
44,609,950	Telesat LLC, Term Loan B4	4.150	11/17/2023	45,044,897

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PowerShares Senior Loan Portfolio (BKLN) (continued)

April 30, 2017

(Unaudited)

Principal Amount		Interest Rate	Maturity Date	Value
Variable Rate Senior Loan Interests (continued)				
<i>Telecommunications (continued)</i>				
\$ 70,750,000	UPC Financing Partnership, Term Loan	3.744%	04/15/2025	\$ 71,081,818
				<u>529,986,108</u>
<i>Trucking & Leasing—1.1%</i>				
102,225,000	Avolon TLB Borrower 1 (US) LLC, Term Loan B2 (Ireland)	3.743	03/20/2022	103,867,756
Total Variable Rate Senior Loan Interests				
(Cost \$8,277,143,949)				<u>8,283,332,058</u>
Corporate Bonds—2.3%				
<i>Computers—0.3%</i>				
24,793,000	Dell International LLC ^(e)	5.450	06/15/2023	26,789,927
<i>Media—1.0%</i>				
37,174,000	iHeartCommunications, Inc.	9.000	12/15/2019	30,807,952
5,802,000	Univision Communications, Inc. ^(e)	6.750	09/15/2022	6,099,353
57,098,000	Univision Communications, Inc. ^(e)	5.125	05/15/2023	58,239,960
				<u>95,147,265</u>
<i>Packaging & Containers—0.4%</i>				
29,500,000	Reynolds Group Holdings, Inc. (New Zealand)	5.750	10/15/2020	30,421,875
5,000,000	Reynolds Group Holdings, Inc. (New Zealand) ^{(e)(f)}	4.658	07/15/2021	5,125,000
				<u>35,546,875</u>
<i>Software—0.6%</i>				
51,000,000	First Data Corp. ^(e)	5.000	01/15/2024	52,351,500
<i>Telecommunications—0.0%</i>				
2,986,000	Avaya, Inc. ^{(c)(d)(e)}	7.000	04/01/2019	2,523,170
Total Corporate Bonds				
(Cost \$216,524,083)				<u>212,358,737</u>
Number of Shares				
Money Market Fund—15.2%				
1,429,138,158	Invesco Premier U.S. Government Money Portfolio—Institutional Class, 0.65% ^(g)			
	(Cost \$1,429,138,158)			<u>1,429,138,158</u>
Total Investments				
(Cost \$9,922,806,190)—105.8%				9,924,828,953
Other assets less liabilities—(5.8)%				<u>(543,881,465)</u>
Net Assets—100.0%				<u>\$9,380,947,488</u>

Investment Abbreviations:

DIP—Debtor-in-Possession

REIT—Real Estate Investment Trust

Notes to Schedule of Investments:

- (a) Variable rate senior loan interests often require prepayments from excess cash flow or permit the borrower to repay at its election. The degree to which borrowers repay, whether as a contractual requirement or at their election, cannot be predicted with any accuracy. As a result, the actual remaining maturity may be substantially less than the stated maturities shown. However, it is anticipated that the variable rate senior loan interests will have an expected average life of three to five years.
- (b) Variable rate senior loan interests are, at present, not readily marketable, not registered under the Securities Act of 1933, as amended (the “1933 Act”) and may be subject to contractual and legal restrictions on sale. Variable rate senior loan interests in the Fund’s portfolio generally have variable rates which adjust to a base, such as the London Interbank Offered Rate (“LIBOR”), on set dates, typically every 30 days, but not greater than one year, and/or have interest rates that float at margin above a widely recognized base lending rate such as the Prime Rate of a designated U.S. bank.
- (c) The borrower has filed for protection in federal bankruptcy court.
- (d) Defaulted security. Currently, the issuer is partially or fully in default with respect to interest payments. The aggregate value of these securities at April 30, 2017 was \$54,773,574, which represented less than 1% of the Fund’s Net Assets.
- (e) Security purchased or received in a transaction exempt from registration under the 1933 Act. The security may be resold pursuant to an exemption from registration under the 1933 Act, typically to qualified institutional buyers. The aggregate value of these securities at April 30, 2017 was \$151,128,910, which represented 1.61% of the Fund’s Net Assets.
- (f) Interest and dividend rate is redetermined periodically. Rate shown is the rate in effect on April 30, 2017.
- (g) The security and the Fund are advised by wholly-owned subsidiaries of Invesco Ltd. and are therefore considered to be affiliated. The rate shown is the 7-day SEC standardized yield as of April 30, 2017.

See accompanying Notes to Financial Statements which are an integral part of the financial statements.

Statement of Assets and Liabilities

April 30, 2017

(Unaudited)

	PowerShares Senior Loan Portfolio (BKLN)
Assets:	
Unaffiliated investments, at value	\$ 8,495,690,795
Affiliated investments, at value	1,429,138,158
Total investments, at value	9,924,828,953
Receivables:	
Investments sold	219,531,296
Shares sold	51,166,072
Interest	22,650,278
Total Assets	10,218,176,599
Liabilities:	
Due to custodian	5,808,488
Payables:	
Investments purchased	826,631,748
Accrued unitary management fees	4,788,875
Total Liabilities	837,229,111
Net Assets	\$ 9,380,947,488
Net Assets Consist of:	
Shares of beneficial interest	\$ 9,816,052,997
Undistributed net investment income	(2,796,530)
Undistributed net realized gain (loss)	(434,331,742)
Net unrealized appreciation	2,022,763
Net Assets	\$ 9,380,947,488
Shares outstanding (unlimited amount authorized, \$0.01 par value)	403,500,000
Net asset value	\$ 23.25
Market price	\$ 23.28
Unaffiliated investments, at cost	\$ 8,493,668,032
Affiliated investments, at cost	\$ 1,429,138,158
Total investments, at cost	\$ 9,922,806,190

See accompanying Notes to Financial Statements which are an integral part of the financial statements.

Statement of Operations

For the six months ended April 30, 2017

(Unaudited)

	PowerShares Senior Loan Portfolio (BKLN)
Investment Income:	
Interest income	\$161,374,118
Affiliated dividend income	2,415,164
Other income	<u>4,490,392</u>
Total Income	<u>168,279,674</u>
Expenses:	
Unitary management fees	<u>26,185,670</u>
Less: Waivers	<u>(861,126)</u>
Net Expenses	<u>25,324,544</u>
Net Investment Income	<u>142,955,130</u>
Realized and Unrealized Gain (Loss):	
Net realized gain (loss) from investment securities	(2,432,496)
Net change in unrealized appreciation on investment securities	<u>23,506,073</u>
Net realized and unrealized gain	<u>21,073,577</u>
Net increase in net assets resulting from operations	<u>\$164,028,707</u>

See accompanying Notes to Financial Statements which are an integral part of the financial statements.

Statement of Changes in Net Assets

For the six months ended April 30, 2017 and the year ended October 31, 2016

(Unaudited)

	PowerShares Senior Loan Portfolio (BKLN)	
	April 30, 2017	October 31, 2016
Operations:		
Net investment income	\$ 142,955,130	\$ 193,910,528
Net realized gain (loss)	(2,432,496)	(333,584,745)
Net change in unrealized appreciation	23,506,073	344,726,561
Net increase in net assets resulting from operations	164,028,707	205,052,344
Distributions to Shareholders from:		
Net investment income	(145,751,660)	(193,910,528)
Return of capital	–	(16,890,704)
Total distributions to shareholders	(145,751,660)	(210,801,232)
Shareholder Transactions:		
Proceeds from shares sold	3,024,147,967	3,101,232,402
Value of shares repurchased	(123,586,068)	(1,453,713,841)
Transaction fees	3,361,326	7,999,052
Net increase in net assets resulting from shares transactions	2,903,923,225	1,655,517,613
Increase in Net Assets	2,922,200,272	1,649,768,725
Net Assets:		
Beginning of period	6,458,747,216	4,808,978,491
End of period	\$9,380,947,488	\$ 6,458,747,216
Undistributed net investment income at end of period	\$ (2,796,530)	\$ –
Changes in Shares Outstanding:		
Shares sold	129,900,000	134,900,000
Shares repurchased	(5,300,000)	(64,600,000)
Shares outstanding, beginning of period	278,900,000	208,600,000
Shares outstanding, end of period	403,500,000	278,900,000

See accompanying Notes to Financial Statements which are an integral part of the financial statements.

Statement of Cash Flows

For the six months ended April 30, 2017

(Unaudited)

**PowerShares
Senior Loan
Portfolio (BKLN)**

Cash Provided By Operating Activities:

Net increase in net assets resulting from operations \$ 164,028,707

Adjustments to Reconcile the Change in Net Assets from Operations to Net Cash Provided By (Used In)

Operating Activities:

Purchases of investments	(5,467,393,491)
Proceeds from disposition of investments sold	3,029,575,666
Amortization of premiums and accretion of discounts on investments	(6,651,592)
Net cash paid for purchases, sales, and maturities of short-term investments	(75,159,693)
Increase in receivable for investments sold	(105,566,103)
Increase in interest receivable	(3,843,928)
Decrease in payable for investments purchased	(20,796,625)
Increase in payable for accrued expenses	1,610,926
Net realized gain (loss) on investments	2,432,496
Net change in unrealized appreciation on investments	(23,506,073)
Net cash provided by (used in) operating activities	(2,505,269,710)

Cash Provided By Financing Activities:

Distributions paid to shareholders	(145,751,660)
Increase in payable for amount due custodian	5,808,488
Proceeds from shares of beneficial interest sold	2,996,172,314
Disbursements for shares of beneficial interest repurchased	(123,586,068)
Net proceeds from transaction fees	3,361,326
Net cash provided by financing activities	2,736,004,400
Net increase in cash and cash equivalents	230,734,690
Cash and cash equivalents at beginning of period	1,198,403,468
Cash and cash equivalents at end of period	<u>\$ 1,429,138,158</u>

See accompanying Notes to Financial Statements which are an integral part of the financial statements.

Financial Highlights

PowerShares Senior Loan Portfolio (BKLN)

	Six Months Ended April 30, 2017 (Unaudited)	Year Ended October 31,				
		2016	2015	2014	2013	2012
Per Share Operating Performance:						
Net asset value at beginning of period	\$ 23.16	\$ 23.05	\$ 24.43	\$ 24.78	\$ 24.76	\$ 24.05
Net investment income ^(a)	0.41	0.99	0.92	1.00	1.06	1.21
Net realized and unrealized gain (loss) on investments	0.09	0.15	(1.39)	(0.36)	0.04	0.58
Total from investment operations	0.50	1.14	(0.47)	0.64	1.10	1.79
Distributions to shareholders from:						
Net investment income	(0.42)	(0.99)	(0.92)	(1.00)	(1.10)	(1.22)
Return of capital	—	(0.08)	(0.00) ^(b)	(0.00) ^(b)	(0.02)	(0.00) ^(b)
Total distributions	(0.42)	(1.07)	(0.92)	(1.00)	(1.12)	(1.22)
Transaction fees ^(a)	0.01	0.04	0.01	0.01	0.04	0.14
Net asset value at end of period	\$ 23.25	\$ 23.16	\$ 23.05	\$ 24.43	\$ 24.78	\$ 24.76
Market price at end of period ^(c)	\$ 23.28	\$ 23.19	\$ 23.01	\$ 24.37	\$ 24.83	\$ 24.83
Net Asset Value Total Return^(d)	2.21%	5.32%	(1.96)%	2.66%	4.70%	8.26%
Market Price Total Return^(d)	2.21%	5.64%	(1.89)%	2.21%	4.61%	8.67%
Ratios/Supplemental Data:						
Net assets at end of period (000's omitted)	\$9,380,947	\$6,458,747	\$4,808,978	\$6,270,919	\$6,064,711	\$1,195,811
Ratio to average net assets of:						
Expenses, after Waivers	0.63% ^{(e)(f)}	0.64%	0.65% ^(f)	0.64%	0.65% ^(f)	0.65% ^(f)
Expenses, prior to Waivers	0.65% ^{(e)(f)}	0.65%	0.65% ^(f)	0.65%	0.65% ^(f)	0.67% ^(f)
Net investment income, after Waivers and Interest Expenses	3.55% ^(e)	4.33%	3.82%	4.03%	4.30%	5.00%
Portfolio turnover rate ^(g)	41%	81%	43%	61%	47%	49%

^(a) Based on average shares outstanding.

^(b) Amount represents less than \$0.005.

^(c) The mean between the last bid and ask prices.

^(d) Net asset value total return is calculated assuming an initial investment made at the net asset value at the beginning of the period, reinvestment of all dividends and distributions at net asset value during the period, and redemption on the last day of the period. Net asset value total return includes adjustments in accordance with accounting principles generally accepted in the United States of America and as such, the net asset value for financial reporting purposes and the returns based upon those net asset values may differ from the net asset value and returns for shareholder transactions. Market price total return is calculated assuming an initial investment made at the market price at the beginning of the period, reinvestment of all dividends and distributions at market price during the period, and sale at the market price on the last day of the period. Total investment returns calculated for a period of less than one year are not annualized.

^(e) Annualized.

^(f) In addition to the fees and expenses which the Fund bears directly, the Fund indirectly bears a pro rata share of the fees and expenses of the investment companies in which the Fund invests. Estimated investment companies' expenses are not expenses that are incurred directly by the Fund. They are expenses that are incurred directly by the investment companies and are deducted from the value of the investment companies the Fund invests in. The effect of the estimated investment companies' expenses that the Fund bears indirectly is included in the Fund's total return.

^(g) Portfolio turnover rate is not annualized for periods less than one year, if applicable, and does not include securities received or delivered from processing creations or redemptions.

See accompanying Notes to Financial Statements which are an integral part of the financial statements.

Notes to Financial Statements

PowerShares Exchange-Traded Fund Trust II

April 30, 2017

(Unaudited)

Note 1. Organization

PowerShares Exchange-Traded Fund Trust II (the "Trust") was organized as a Massachusetts business trust on October 10, 2006 and is authorized to have multiple series of portfolios. The Trust is an open-end management investment company registered under the Investment Company Act of 1940, as amended (the "1940 Act"). As of April 30, 2017, the Trust offered seventy-two portfolios. This report includes the following portfolio:

Full Name	Short Name
PowerShares Senior Loan Portfolio (BKLN)	"Senior Loan Portfolio"

The portfolio (the "Fund") represents a separate series of the Trust. The shares of the Fund are referred to herein as "Shares" or "Fund's Shares." The Fund's Shares are listed and traded on NYSE Arca, Inc.

The market price of a Share may differ to some degree from the Fund's net asset value ("NAV"). Unlike conventional mutual funds, the Fund issues and redeems Shares on a continuous basis, at NAV, only in a large specified number of Shares, each called a "Creation Unit." Creation Units are issued and redeemed principally in exchange for the deposit or delivery of cash. Except when aggregated in Creation Units by Authorized Participants, the Shares are not individually redeemable securities of the Fund.

The investment objective of the Fund is to seek investment results that generally correspond (before fees and expenses) to the price and yield of the S&P/LSTA U.S. Leveraged Loan 100 Index (the "Underlying Index").

Note 2. Significant Accounting Policies

The following is a summary of the significant accounting policies followed by the Fund in preparation of its financial statements.

The Fund is an investment company and accordingly follows the investment company accounting and reporting guidance in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 946, Financial Services—Investment Companies.

A. Security Valuation

Securities, including restricted securities, are valued according to the following policies:

Variable rate senior loan interests are fair valued using quotes provided by an independent pricing service. Quotes provided by the pricing service may reflect appropriate factors such as ratings, tranche type, industry, company performance, spread, individual trading characteristics, institution-size trading in similar groups of securities and other market data.

A security listed or traded on an exchange (except convertible securities) is valued at its last sales price or official closing price as of the close of the customary trading session on the exchange where the security is principally traded, or lacking any sales or official closing price on a particular day, the security may be valued at the closing bid price on that day. Securities traded in the over-the-counter market are valued based on prices furnished by independent pricing services or market makers. When such securities are valued by an independent pricing service they may be considered fair valued. Futures contracts are valued at the final settlement price set by an exchange on which they are principally traded. Listed options are valued at the mean between the last bid and asked prices from the exchange on which they are principally traded. Options not listed on an exchange are valued by an independent source at the mean between the last bid and asked prices. For purposes of determining NAV per Share, futures and option contracts generally are valued 15 minutes after the close of the customary trading session of the New York Stock Exchange ("NYSE").

Investments in open-end and closed-end registered investment companies that do not trade on an exchange are valued at the end of day NAV per share. Investments in open-end and closed-end registered investment companies that trade on an exchange are valued at the last sales price or official closing price as of the close of the customary trading session on the exchange where the security is principally traded.

Debt obligations (including convertible securities) and unlisted equities are fair valued using an evaluated quote provided by an independent pricing service. Evaluated quotes provided by the pricing service may be determined without exclusive reliance on quoted prices, and may reflect appropriate factors such as institution-size trading in similar groups of securities, developments related to specific securities, dividend rate (for unlisted equities), yield (for debt obligations), quality, type of issue, coupon rate (for debt obligations), maturity (for debt obligations), individual trading characteristics and other market data. Securities with a demand feature exercisable within one to seven days are valued at par. Debt obligations are subject to interest rate and credit risks. In addition, all debt obligations involve some risk of default with respect to interest and/or principal payments.

Foreign securities' (including foreign exchange contracts') prices are converted into U.S. dollar amounts using the applicable exchange rates as of the close of the London world markets. If market quotations are available and reliable for foreign exchange-traded equity securities, the securities will be valued at the market quotations. Because trading hours for certain foreign securities end before the close of the NYSE, closing market quotations may become unreliable. If between the time trading ends on a particular security and the close of the customary trading session on the NYSE, events occur that Invesco PowerShares Capital Management LLC (the "Adviser") determines are significant and make the closing price unreliable, the Fund may fair value the security. If the event is likely to have affected the closing price of the security, the security will be valued at fair value in good faith using procedures approved by the Board of Trustees. Adjustments to closing prices to reflect fair value may also be based on a screening process of an independent pricing service to indicate the degree of certainty, based on historical data, that the closing price in the principal market where a foreign security trades is not the current value as of the close of the NYSE. Foreign securities' prices meeting the approved degree of certainty that the price is not reflective of current value will be priced at the indication of fair value from the independent pricing service. Multiple factors may be considered by the independent pricing service in determining adjustments to reflect fair value and may include information relating to sector indices, American Depositary Receipts and domestic and foreign index futures. Foreign securities may have additional risks including exchange rate changes, potential for sharply devalued currencies and high inflation, political and economic upheaval, the relative lack of issuer information, relatively low market liquidity and the potential lack of strict financial and accounting controls and standards.

Securities for which market prices are not provided by any of the above methods may be valued based upon quotes furnished by independent sources. The last bid price may be used to value equity securities. The mean between the last bid and asked prices is used to value debt obligations, including corporate loans.

Securities for which market quotations are not readily available or became unreliable are valued at fair value as determined in good faith following procedures approved by the Board of Trustees. Issuer-specific events, market trends, bid/asked quotes of brokers and information providers and other market data may be reviewed in the course of making a good faith determination of a security's fair value.

The Fund may invest in securities that are subject to interest rate risk, meaning the risk that the prices will generally fall as interest rates rise and, conversely, the prices will generally rise as interest rates fall. Specific securities differ in their sensitivity to changes in interest rates depending on their individual characteristics. Changes in interest rates may result in increased market volatility, which may affect the value and/or liquidity of certain Fund investments.

Valuations change in response to many factors, including the historical and prospective earnings of the issuer, the value of the issuer's assets, general economic conditions, interest rates, investor perceptions and market liquidity. Because of the inherent uncertainties of valuation, the values reflected in the financial statements may materially differ from the value received upon actual sale of those investments.

B. Other Risks

Index Risk. Unlike many investment companies, the Fund does not utilize an investing strategy that seeks returns in excess of its Underlying Index. Therefore, the Fund would not necessarily buy or sell a security unless that security is added or removed, respectively, from its Underlying Index, even if that security generally is underperforming.

Fixed-Income Securities Risk. Fixed-income securities are subject to interest rate risk and credit risk. Interest rate risk refers to fluctuations in the value of a fixed-income security resulting from changes in the general level of interest rates. When the general level of interest rates goes up, the prices of most fixed-income securities go down. When the general level of interest rates goes down, the prices of most fixed-income securities go up. Fixed-income securities with longer maturities typically are more sensitive to changes in interest rates, making them more volatile than securities with shorter maturities. Credit risk refers to the possibility that the issuer of a security will be unable and/or unwilling to make timely interest payments and/or repay the principal on its debt. Debt instruments are subject to varying degrees of credit risk, which may be reflected in credit ratings. There is a possibility that the credit rating of a fixed-income security may be downgraded after purchase, which may adversely affect the value of the security.

Changing Fixed-Income Market Conditions. The current historically low interest rate environment was created in part by the Federal Reserve Board ("FRB") and certain foreign central banks keeping the federal funds and equivalent foreign rates near, at or below zero. The "tapering" in 2015 of the FRB's quantitative easing program, combined with the FRB's raising of the target range for the Federal Funds Rate (and possible continued fluctuations in equivalent foreign rates) may expose fixed-income markets to heightened volatility and reduced liquidity for certain fixed-income investments, particularly those with longer maturities, although it is difficult to predict the impact of this rate increase and any future rate increases on various markets. In addition, decreases in fixed-income dealer market-making capacity may persist in the future, potentially leading to heightened volatility and reduced liquidity in the fixed-income markets. As a result, the value of the Fund's investments and share price may decline. In addition, because of changing central bank policies, the Fund may experience higher than normal shareholder redemptions, which could potentially increase portfolio turnover and the Fund's transaction costs and potentially lower the Fund's returns.

Non-Correlation Risk. The Fund's return may not match the return of its Underlying Index for a number of reasons. For example, the Fund incurs operating expenses not applicable to its Underlying Index, and incurs costs in buying and selling securities, especially when rebalancing the Fund's securities holdings to reflect changes in the composition of its Underlying Index. Because the Fund issues and redeems Creation Units principally for cash, it will incur higher costs in buying and selling securities than if it issued and redeemed Creation Units principally in-kind. In addition, the performance of the Fund and its Underlying Index may vary due to asset valuation differences and differences between the Fund's portfolio and its Underlying Index resulting from legal restrictions, cost or liquidity constraints.

Liquidity Risk. A majority of the Fund's assets are likely to be invested in loans that are less liquid than securities traded on national exchanges. Loans with reduced liquidity involve greater risk than securities with more liquid markets. Available market quotations for such loans may vary over time, and if the credit quality of a loan unexpectedly declines, secondary trading of that loan may decline for a period of time. In the event that the Fund voluntarily or involuntarily liquidates portfolio assets during periods of infrequent trading, it may not receive full value for those assets.

Sampling Risk. The Fund's use of a representative sampling approach will result in the Fund holding a smaller number of securities than are in its Underlying Index. As a result, an adverse development respecting to an issuer of securities held by the Fund could result in a greater decline in NAV than would be the case if the Fund held all of the securities in its Underlying Index. To the extent the assets in the Fund are smaller, these risks will be greater.

Cash Transaction Risk. Unlike most exchange-traded funds ("ETFs"), the Fund currently effects creations and redemptions principally for cash, rather than primarily in-kind because of the nature of the Fund's investments. As such, investments in the Fund's Shares may be less tax efficient than investments in conventional ETFs.

Non-Investment Grade Securities Risk. All or a significant portion of the loans in which the Fund will invest may be determined to be non-investment grade loans that are considered speculative. The Fund also may invest in junk bonds. Non-investment grade loans and bonds, and unrated loans and bonds of comparable credit quality are subject to the increased risk of a borrower's or issuer's inability to meet principal and interest payment obligations. These securities may be subject to greater price volatility due to such factors as specific corporate developments, interest rate sensitivity, negative perceptions of the non-investment grade securities markets generally, real or perceived adverse economic and competitive industry conditions and less secondary market liquidity. If the borrower of lower-rated loans or issuer of lower-rated bonds defaults, the Fund may incur additional expenses to seek recovery.

Risk of Investing in Loans. Investments in loans are subject to interest rate risk and credit risk. Interest rate risk refers to fluctuations in the value of a loan resulting from changes in the general level of interest rates. Credit risk refers to the possibility that the borrower of a loan will be unable and/or unwilling to make timely interest payments and/or repay the principal on its obligation. Default in the payment of interest or principal on a loan will result in a reduction in the value of the loan and consequently a reduction in the value of the Fund's investments and a potential decrease in the NAV of the Fund. Although the loans in which the Fund will invest generally will be secured by specific collateral, there can be no assurance that such collateral would satisfy the borrower's obligation in the event of non-payment of scheduled interest or principal or that such collateral could be readily liquidated. In the event of the bankruptcy of a borrower, the Fund's access to the collateral may be limited by bankruptcy or other insolvency laws and, therefore, the Fund could experience delays or limitations with respect to its ability to realize the benefits of the collateral securing a loan.

There is no organized exchange on which loans are traded and reliable market quotations may not be readily available. Therefore, elements of judgment may play a greater role in valuation of loans than for securities with a more developed secondary market and the Fund may not realize full value in the event of the need to sell a loan. To the extent that a secondary market does exist for certain loans, the market may be subject to volatility, irregular trading activity, wide bid/asked spreads, decreased liquidity and extended trade settlement periods. Some loans are subject to the risk that a court, pursuant to fraudulent conveyance or other similar laws, could subordinate the loans to presently existing or future indebtedness of the borrower or take other action detrimental to lenders, including the Fund, such as invalidation of loans or causing interest previously paid to be refunded to the borrower. Investments in loans also are subject to the risk of changes in legislation or state or federal regulations. If such legislation or regulations impose additional requirements or restrictions on the ability of financial institutions to make loans, the availability of loans for investment by the Fund may be adversely affected. Many loans are not registered with the Securities and Exchange Commission (the "SEC") or any state securities commission and often are not rated by any nationally recognized rating service. Generally, there is less readily available, reliable information about most loans than is the case for many other types of securities. Although a loan may be senior to equity and other debt securities in a borrower's capital structure, such obligations may be structurally subordinated to obligations of the borrower's subsidiaries.

Senior Loans Risk. The risks associated with senior loans are similar to the risks of junk bonds, although senior loans typically are senior and secured, whereas junk bonds often are subordinated and unsecured. Investments in senior loans typically are below investment grade and are considered speculative because of the credit risk of their issuers. Such companies are more likely to default on their payments of interest and principal owed, and such defaults could reduce the Fund's NAV and income distributions. An economic

downturn generally leads to a higher non-payment rate, and a senior loan may lose significant value before a default occurs. There is no assurance that the liquidation of the collateral would satisfy the claims of the borrower's obligations in the event of the non-payment of scheduled interest or principal, or that the collateral could be readily liquidated. Economic and other events (whether real or perceived) can reduce the demand for certain senior loans or senior loans generally, which may reduce market prices. Senior loans and other debt securities also are subject to the risk of price declines and to increases in prevailing interest rates, although floating-rate debt instruments such as senior loans in which the Fund may be expected to invest are substantially less exposed to this risk than fixed-rate debt instruments. No active trading market may exist for certain senior loans, which may impair the ability of the Fund to realize full value in the event of the need to liquidate such assets. Adverse market conditions may impair the liquidity of some actively traded senior loans. Longer interest rate reset periods generally increase fluctuations in value as a result of changes in market interest rates.

Risks of Loan Assignments and Participations. As the purchaser of an assignment, the Fund typically succeeds to all the rights and obligations of the assigning institution and becomes a lender under the credit agreement with respect to the debt obligation; however, the Fund may not be able to unilaterally enforce all rights and remedies under the loan and with regard to any associated collateral. Because assignments may be arranged through private negotiations between potential assignees and potential assignors, the rights and obligations acquired by the Fund as the purchaser of an assignment may differ from, and be more limited than, those held by the assigning lender. In addition, if the loan is foreclosed, the Fund could become part owner of any collateral and could bear the costs and liabilities of owning and disposing of the collateral. The Fund may be required to pass along to a purchaser that buys a loan from the Fund by way of assignment, a portion of any fees to which the Fund is entitled under the loan. In connection with purchasing participations, the Fund generally will have no right to enforce compliance by the borrower with the terms of the loan agreement relating to the loan, nor any rights of set-off against the borrower, and the Fund may not directly benefit from any collateral supporting the loan in which it has purchased the participation. As a result, the Fund will be subject to the credit risk of both the borrower and the lender that is selling the participation. In the event of the insolvency of the lender selling a participation, the Fund may be treated as a general creditor of the lender and may not benefit from any set-off between the lender and the borrower.

C. Cash and Cash Equivalents

For the purposes of the Statement of Cash Flows, the Fund defines Cash and Cash Equivalents as cash (including foreign currency), money market funds and other investments held in lieu of cash and excludes investments made with cash collateral received.

D. Securities Purchased on a When-Issued and Delayed Delivery Basis

The Fund may purchase and sell interests in corporate loans and corporate debt securities and other portfolio securities on a when-issued and delayed delivery basis, with payment and delivery scheduled for a future date. No income accrues to the Fund on such interests or securities in connection with such transactions prior to the date the Fund actually takes delivery of such interests or securities. These transactions are subject to market fluctuations and are subject to the risk that the value of the interests or securities at delivery may be more or less than the trade date purchase price. Although the Fund will generally purchase these securities with the intention of acquiring such securities, it may sell such securities prior to the settlement date.

E. Federal Income Taxes

The Fund intends to comply with the provisions of the Internal Revenue Code of 1986, as amended (the "Internal Revenue Code"), applicable to regulated investment companies and to distribute substantially all of the Fund's taxable earnings to its shareholders. As such, the Fund will not be subject to federal income taxes on otherwise taxable income (including net realized gains) that is distributed to the shareholders. Therefore, no provision for federal income taxes is recorded in the financial statements.

The Fund recognizes the tax benefits of uncertain tax positions only when the position is more likely than not to be sustained. Management has analyzed the Fund's uncertain tax positions and concluded that no liability for unrecognized tax benefits should be recorded related to uncertain tax positions. Management is not aware of any tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefits will change materially in the next 12 months.

Income and capital gain distributions are determined in accordance with federal income tax regulations, which may differ from accounting principles generally accepted in the United States of America ("GAAP"). These differences are primarily due to differing book and tax treatments for losses deferred due to wash sales and passive foreign investment company adjustments, if any.

The Fund files U.S. federal tax returns and tax returns in certain other jurisdictions. Generally, the Fund is subject to examinations by such taxing authorities for up to three years after the filing of the return for the tax period.

F. Investment Transactions and Investment Income

Investment transactions are accounted for on a trade date basis. Realized gains and losses from the sale or disposition of securities are computed on the specific identified cost basis. Bond premiums and discounts are amortized and/or accreted for financial reporting purposes. Interest income is recorded on the accrual basis. Dividend income (net of withholding tax, if any) is recorded on the ex-dividend date. Realized gains, dividends and interest received by the Fund may give rise to withholding and other taxes imposed by foreign countries. Tax conventions between certain countries and the United States may reduce or eliminate such taxes.

The Fund may periodically participate in litigation related to the Fund's investments. As such, the Fund may receive proceeds from litigation settlements. Any proceeds received are included in the Statement of Operations as realized gain (loss) for investments no longer held and as unrealized gain (loss) for investments still held.

Other income is comprised primarily of amendment fees which are recorded when received. Amendment fees are received in return for changes in the terms of a loan or note.

Corporate actions (including cash dividends) are recorded net of non-reclaimable foreign tax withholdings on the ex-date.

Brokerage commissions and mark ups are considered transaction costs and are recorded as an increase to the cost basis of securities purchased and/or a reduction of proceeds on a sale of securities. Such transaction costs are included in the determination of net realized and unrealized gain (loss) from investment securities reported in the Statement of Operations and the Statement of Changes in Net Assets and the net realized and unrealized gains (losses) on securities per share in the Financial Highlights. Transaction costs are included in the calculation of the Fund's net asset value and, accordingly, they reduce the Fund's total returns. These transaction costs are not considered operating expenses and are not reflected in net investment income reported in the Statement of Operations and the Statement of Changes in Net Assets, or the net investment income per share and the ratios of expenses and net investment income reported in the Financial Highlights, nor are they limited by any expense limitation arrangements between the Fund and the Adviser.

G. Country Determination

For the purposes of making investment selection decisions and presentation in the Schedule of Investments, the Adviser may determine the country in which an issuer is located and/or credit risk exposure based on various factors. These factors include the laws of the country under which the issuer is organized, where the issuer maintains a principal office, the country in which the issuer derives 50% or more of its total revenues and the country that has the primary market for the issuer's securities, as well as other criteria. Among the other criteria that may be evaluated for making this determination are the country in which the issuer maintains 50% or more of its assets, the type of security, financial guarantees and enhancements, the nature of the collateral and the sponsor organization. Country of issuer and/or credit risk exposure has been determined to be the United States of America, unless otherwise noted.

H. Expenses

The Fund has agreed to pay an annual unitary management fee to the Adviser. Out of the unitary management fee, the Adviser has agreed to pay for substantially all expenses of the Fund, including the payments to Invesco Senior Secured Management, Inc. (the "Sub-Adviser"), set-up fees and commitment fees associated with the line of credit and the cost of transfer agency, custody, fund administration, legal, audit and other services, except for advisory fees, distribution fees, if any, brokerage expenses, taxes, interest (including interest expenses associated with the line of credit), acquired fund fees and expenses, if any, litigation expenses and other extraordinary expenses.

Expenses of the Trust that are excluded from the Fund's unitary management fee and are directly identifiable to the Fund are applied to the Fund. Expenses of the Trust that are excluded from the Fund's unitary management fee and that are not readily identifiable to the Fund are allocated in such a manner as deemed equitable, taking into consideration the nature and type of expense and the relative net assets of the Fund.

To the extent the Fund invests in other investment companies, the expenses shown in the accompanying financial statements reflect the expenses of the Fund and do not include any expenses of the investment companies in which it invests. The effects of such investment companies' expenses are included in the realized and unrealized gain or loss on the investments in the investment companies.

I. Dividends and Distributions to Shareholders

The Fund declares and pays dividends from net investment income, if any, to its shareholders monthly and records such dividends on ex-dividend date. Generally, the Fund distributes net realized taxable capital gains, if any, annually in cash and records them on ex-dividend date. Such distributions on a tax basis are determined in conformity with federal income tax regulations, which may differ from GAAP. Distributions in excess of tax basis earnings and profits, if any, are reported in the Fund's financial statements as a tax return of capital at fiscal year-end.

J. Accounting Estimates

The preparation of the financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements, including estimates and assumptions related to taxation. Actual results could differ from these estimates. In addition, the Fund monitors for material events or transactions that may occur or become known after the period-end date and before the date the financial statements are released to print.

Note 3. Investment Advisory Agreement and Other Agreements

The Trust has entered into an Investment Advisory Agreement with the Adviser on behalf of the Fund, pursuant to which the Adviser has overall responsibility for the selection and ongoing monitoring of the Fund's investments, managing the Fund's business affairs and providing certain clerical, bookkeeping and other administrative services, and oversight of the Sub-Adviser.

As compensation for its services, the Fund has agreed to pay the Adviser an annual unitary management fee of 0.65% of the Fund's average daily net assets. Out of the unitary management fee, the Adviser has agreed to pay for substantially all expenses of the Fund, including payments to the Sub-Adviser, set-up fees and commitment fees associated with the Fund's line of credit and the cost of transfer agency, custody, fund administration, legal, audit and other services, except for advisory fees, distribution fees, if any, brokerage expenses, taxes, interest (including interest expenses associated with the line of credit), acquired fund fees and expenses, if any, litigation expenses and other extraordinary expenses.

The Adviser has entered into a sub-advisory agreement with the Sub-Adviser. The sub-advisory fee is paid by the Adviser to the Sub-Adviser at the annual rate of 40% of compensation paid to the Adviser from the Fund.

Further, through August 31, 2019, the Adviser has contractually agreed to waive a portion of the Fund's management fee in an amount equal to 100% of the net advisory fees an affiliate of the Adviser receives that are attributable to certain of the Fund's investments in money market funds managed by that affiliate (excluding investments of cash collateral from securities lending). The Adviser cannot discontinue this waiver prior to its expiration.

For the six-month period ended April 30, 2017, the Adviser waived fees of \$861,126.

The Trust has entered into a Distribution Agreement with Invesco Distributors, Inc. (the "Distributor"), which serves as the distributor of Creation Units for the Fund. The Distributor does not maintain a secondary market in the Shares. The Fund is not charged any fees pursuant to the Distribution Agreement. The Distributor is an affiliate of the Adviser.

The Adviser has entered into a licensing agreement for the Fund with S&P Dow Jones Indices LLC (the "Licensor"). The Underlying Index name trademark is owned by the Licensor. This trademark has been licensed to the Adviser for use by the Fund. The Fund is entitled to use its Underlying Index pursuant to the Trust's sub-licensing agreement with the Adviser. The Fund is not sponsored, endorsed, sold or promoted by the Licensor, and the Licensor makes no representation regarding the advisability of investing in the Fund.

The Trust has entered into service agreements whereby The Bank of New York Mellon, a wholly-owned subsidiary of The Bank of New York Mellon Corporation, serves as the administrator, custodian, fund accountant and transfer agent for the Fund.

Note 4. Additional Valuation Information

GAAP defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, under current market conditions. GAAP establishes a hierarchy that prioritizes the inputs to valuation methods, giving the highest priority to readily available unadjusted quoted prices in an active market for identical assets (Level 1) and the lowest priority to significant unobservable inputs (Level 3), generally when market prices are not readily available or are unreliable. Based on the valuation inputs, the securities or other investments are tiered into one of three levels. Changes in valuation methods may result in transfers in or out of an investment's assigned level:

Level 1 – Prices are determined using quoted prices in an active market for identical assets.

Level 2 – Prices are determined using other significant observable inputs. Observable inputs are inputs that other market participants may use in pricing a security. These may include quoted prices for similar securities, interest rates, prepayment speeds, credit risk, yield curves, loss severities, default rates, discount rates, volatilities and others.

Level 3 – Prices are determined using significant unobservable inputs. In situations where quoted prices or observable inputs are unavailable (for example, when there is little or no market activity for an investment at the end of the period), unobservable inputs may be used. Unobservable inputs reflect the Fund's own assumptions about the factors market participants would use in determining fair value of the securities or instruments and would be based on the best available information.

The following is a summary of the tiered valuation input levels, as of April 30, 2017. The level assigned to the securities valuations may not be an indication of the risk or liquidity associated with investing in those securities. Because of the inherent uncertainties of valuation, the values reflected in the financial statements may materially differ from the value received upon actual sale of those investments.

	Investments in Securities			
	Level 1	Level 2	Level 3	Total
Variable Rate Senior Loan Interests	\$ –	\$8,283,332,058	\$–	\$8,283,332,058
Corporate Bonds	–	212,358,737	–	212,358,737
Money Market Fund	1,429,138,158	–	–	1,429,138,158
Total Investments	<u>\$1,429,138,158</u>	<u>\$8,495,690,795</u>	<u>\$–</u>	<u>\$9,924,828,953</u>

Note 5. Tax Information

The amount and character of income and gains to be distributed are determined in accordance with federal income tax regulations, which may differ from GAAP. Reclassifications are made to the Fund's capital accounts to reflect income and gains available for distribution (or available capital loss carryforwards) under federal income tax regulations. The tax character of distributions paid during the year and the tax components of net assets will be reported at the Fund's fiscal year-end.

Capital loss carryforwards are calculated and reported as of a specific date. Results of transactions and other activity after that date may affect the amount of capital loss carryforwards actually available for the Fund to utilize. Capital losses generated in years beginning after December 22, 2010 can be carried forward for an unlimited period, whereas previous losses expire in eight tax years. Capital losses with an expiration period may not be used to offset capital gains until all net capital losses without an expiration date have been utilized. Capital loss carryforwards with no expiration date will retain their character as either short-term or long-term capital losses instead of as short-term capital losses as under prior law. The ability to utilize capital loss carryforwards in the future may be limited under the Internal Revenue Code and related regulations based on the results of future transactions.

The Fund had capital loss carryforwards as of October 31, 2016, which expire as follows:

	Post-effective/no expiration		Total*
	Short-Term	Long-Term	
	\$93,613,264	\$338,285,982	\$431,899,246

* Capital loss carryforwards as of the date listed above are reduced for limitations, if any, to the extent required by the Internal Revenue Code and may be further limited depending upon a variety of factors, including the realization of net unrealized gains or losses as of the date of any reorganization.

Note 6. Investment Transactions

For the six-month period ended April 30, 2017, the cost of securities purchased and proceeds from sales of securities (other than short-term securities, U.S. Treasury obligations and money market funds, if any) were \$5,467,393,491 and \$3,029,575,666, respectively.

At April 30, 2017, the cost of investments on a tax basis includes adjustments for financial reporting purposes, as of the most recently completed federal income tax reporting period-end:

Aggregate unrealized appreciation of investment securities	\$ 76,384,064
Aggregate unrealized (depreciation) of investment securities	(74,361,301)
Net unrealized appreciation of investment securities	<u>\$ 2,022,763</u>

Cost of investments for tax and financial reporting purposes is the same.

Note 7. Trustees' and Officer's Fees

Trustees' and Officer's Fees include amounts accrued by the Fund to pay remuneration to each Trustee who is not an "interested person" as defined in the 1940 Act (an "Independent Trustee"), any Trustee who is not an affiliate of the Adviser or Distributor (or any of their affiliates) and who is otherwise an "interested person" of the Trust under the 1940 Act (an "Unaffiliated Trustee") and an Officer of the Trust. The Adviser, as a result of the unitary management fee, pays for such compensation. The Trustee who is an "interested person" of the Trust does not receive any Trustees' fees.

The Trust has adopted a deferred compensation plan (the "Plan"). Under the Plan, each Independent Trustee or Unaffiliated Trustee who has executed a Deferred Fee Agreement (a "Participating Trustee") may defer receipt of all or a portion of his compensation ("Deferral Fees"). Such Deferral Fees are deemed to be invested in select PowerShares Funds. The Deferral Fees payable to the Participating Trustee are valued as of the date such Deferral Fees would have been paid to the Participating Trustee. The value increases with contributions or with increases in the value of the Shares selected, and the value decreases with distributions or with declines in the value of the Shares selected. Obligations under the Plan represent unsecured claims against the general assets of the Fund.

Note 8. Senior Loan Participation Commitments

The Fund may invest in participations, assignments, or act as a party to the primary lending syndicate of a senior loan interest to corporations, partnerships, and other entities. When the Fund purchases a participation of a senior loan interest, the Fund typically enters into a contractual agreement with the lender or other third party selling the participation, but not with the borrower directly. As such, the Fund assumes the credit risk of the borrower, selling participant or other persons interpositioned between the Fund and the borrower.

During the six-month period ended April 30, 2017, there were no interests in senior loans purchased by the Fund on a participation basis.

Note 9. Borrowing

The Fund is a party to a committed line of credit facility with a syndicate administered by State Street Bank and Trust Company. Prior to May 31, 2017, the Fund could borrow up to the lesser of (1) \$600,000,000 or (2) the limits set by its prospectus for borrowings. The Adviser, on behalf of the Fund, pays an upfront fee of 0.10% on the commitment amount and a commitment fee of 0.15% on the amount of the commitment that has not been utilized. In case of borrowings from the line of credit, the Fund pays the associated interest expenses. On April 11, 2017, the Board of Trustees approved an increase to the line of credit, up to the amount of \$750,000,000, which will go into effect on May 31, 2017.

During the six-month period ended April 30, 2017, there were no outstanding borrowings from the line of credit.

Note 10. Capital

Shares are created and redeemed by the Fund only in Creation Units of 100,000 Shares. Only Authorized Participants are permitted to purchase or redeem Creation Units from the Fund. Unlike most ETFs, the Fund currently effects creations and redemptions principally in exchange for the deposit or delivery of cash, rather than principally in exchange for the deposit or delivery of a basket of securities ("Deposit Securities") because of the nature of the Fund's investments.

To the extent that the Fund permits transactions in exchange for Deposit Securities, the Fund may issue Shares in advance of receipt of Deposit Securities subject to various conditions, including a requirement to maintain on deposit with the Trust cash at least equal to 105% of the market value of the missing Deposit Securities. In accordance with the Trust's Participant Agreement, Creation Units will be issued to an Authorized Participant, notwithstanding the fact that the corresponding Deposit Securities have not been received in part or in whole, in reliance on the undertaking of the Authorized Participant to deliver the missing Deposit Securities as soon as possible, which undertaking shall be secured by the Authorized Participant's delivery and maintenance of collateral consisting of cash in the form of U.S. dollars in immediately available funds having a value (marked-to-market daily) at least equal to 105%, which the Adviser may change from time to time, of the value of the missing Deposit Securities.

Certain transaction fees may be charged by the Fund for creations and redemptions, which are treated as increases in capital.

Transactions in the Fund's Shares are disclosed in detail in the Statement of Changes in Net Assets.

Note 11. Indemnifications

Under the Trust's organizational documents, its officers and Trustees are indemnified against certain liabilities arising out of the performance of their duties to the Trust. Each Independent Trustee and Unaffiliated Trustee is also indemnified against certain liabilities arising out of the performance of his duties to the Trust pursuant to an Indemnification Agreement between such trustee and the Trust. Additionally, in the normal course of business, the Trust enters into contracts with service providers that contain general indemnification clauses. The Trust's maximum exposure under these arrangements is unknown, as this would involve future claims that may be made against the Trust that have not yet occurred. However, based on experience, the Trust believes the risk of loss to be remote.

Fees and Expenses

As a shareholder of the PowerShares Senior Loan Portfolio (the “Fund”), a series of the PowerShares Exchange-Traded Fund Trust II, you incur a unitary management fee. In addition to the unitary management fee, a shareholder may pay distribution fees, if any, brokerage expenses, taxes, interest (including interest expenses associated with the line of credit), acquired fund fees and expenses, if any, litigation expenses and other extraordinary expenses. The expense examples below are intended to help you understand your ongoing costs (in dollars) of investing in the Fund and to compare these costs with the ongoing costs of investing in other funds.

The example is based on an investment of \$1,000 invested at the beginning of the period and held through the six-month period ended April 30, 2017.

In addition to the fees and expenses which the Fund bears directly, the Fund indirectly bears a pro rata share of the fees and expenses of the investment companies in which the Fund invests. The amount of fees and expenses incurred indirectly by the Fund will vary because the investment companies have varied expenses and fee levels and the Fund may own different proportions of the investment companies at different times. Estimated investment companies’ expenses are not expenses that are incurred directly by the Fund. They are expenses that are incurred directly by the investment companies and are deducted from the value of the investment companies the Fund invests in. The effect of the estimated investment companies’ expenses that the Fund bears indirectly is included in the Fund’s total return.

Actual Expenses

The first line in the following table provides information about actual account values and actual expenses. You may use the information in this line, together with the amount you invested, to estimate the expenses that you paid over the period. Simply divide your account value by \$1,000 (for example, an \$8,600 account value divided by \$1,000 = 8.6), then multiply the result by the number in the first line under the heading “Expenses Paid During the Six-Month Period” to estimate the expenses you paid on your account during this period.

Hypothetical Example for Comparison Purposes

The second line in the following table provides information about hypothetical account values and hypothetical expenses based on the Fund’s actual expense ratio and an assumed annualized rate of return of 5% per year before expenses, which is not the Fund’s actual return. The hypothetical account values and expenses may not be used to estimate the actual ending account balance or expenses you paid for the period. You may use this information to compare the ongoing costs of investing in the Fund and other funds. To do so, compare this 5% hypothetical example with the 5% hypothetical examples that appear in the shareholder reports of the other funds.

Please note that the expenses shown in the table are meant to highlight your ongoing costs only, and do not reflect any transactional costs, such as sales charges and brokerage commissions. Therefore, the second line in the table is useful in comparing ongoing costs only, and will not help you determine the relative total costs of owning different fund. In addition, expenses shown in the table do not include the expenses of the underlying funds, which are borne indirectly by a Fund. If transaction costs and indirect expenses were included, your costs would have been higher.

	Beginning Account Value November 1, 2016	Ending Account Value April 30, 2017	Annualized Expense Ratio Based on the Six-Month Period	Expenses Paid During the Six-Month Period ⁽¹⁾
PowerShares Senior Loan Portfolio (BKLN)				
Actual	\$1,000.00	\$1,022.10	0.63%	\$3.16
Hypothetical (5% return before expenses)	1,000.00	1,021.67	0.63	3.16

⁽¹⁾ Expenses are calculated using the annualized expense ratio, which represents the ongoing expenses as a percentage of net assets for the six-month period ended April 30, 2017. Expenses are calculated by multiplying the Fund’s annualized expense ratio by the average account value for the period, then multiplying the result by 181/365.

Board Considerations Regarding Continuation of Investment Advisory Agreement and Sub-Advisory Agreement

At a meeting held on April 11, 2017, the Board of Trustees of the PowerShares Exchange-Traded Fund Trust II (the “Trust”), including the Independent Trustees, approved the continuation of the Investment Advisory Agreement between Invesco PowerShares Capital Management LLC (the “Adviser”) and the Trust for the following 72 series (each, a “Fund” and collectively, the “Funds”):

PowerShares 1-30 Laddered Treasury Portfolio	PowerShares KBW Premium Yield Equity REIT Portfolio
PowerShares Build America Bond Portfolio	PowerShares KBW Property & Casualty Insurance Portfolio
PowerShares California AMT-Free Municipal Bond Portfolio	PowerShares KBW Regional Banking Portfolio
PowerShares CEF Income Composite Portfolio	PowerShares LadderRite 0-5 Year Corporate Bond Portfolio
PowerShares Chinese Yuan Dim Sum Bond Portfolio	PowerShares National AMT-Free Municipal Bond Portfolio
PowerShares Contrarian Opportunities Portfolio	PowerShares New York AMT-Free Municipal Bond Portfolio
PowerShares Developed EuroPacific Currency Hedged Low Volatility Portfolio	PowerShares Preferred Portfolio
PowerShares DWA Developed Markets Momentum Portfolio	PowerShares Russell 1000 Equal Weight Portfolio
PowerShares DWA Emerging Markets Momentum Portfolio	PowerShares Russell 1000 Low Beta Equal Weight Portfolio
PowerShares DWA Momentum & Low Volatility Rotation Portfolio	PowerShares S&P 500® ex-Rate Sensitive Low Volatility Portfolio
PowerShares DWA SmallCap Momentum Portfolio	PowerShares S&P 500® High Beta Portfolio
PowerShares DWA Tactical International Rotation Portfolio	PowerShares S&P 500® High Dividend Low Volatility Portfolio
PowerShares DWA Tactical Multi-Asset Income Portfolio	PowerShares S&P 500® Low Volatility Portfolio
PowerShares DWA Tactical Sector Rotation Portfolio	PowerShares S&P 500® Momentum Portfolio
PowerShares Emerging Markets Infrastructure Portfolio	PowerShares S&P 500 Value Portfolio
PowerShares Emerging Markets Currency Hedged Low Volatility Portfolio	PowerShares S&P Emerging Markets Low Volatility Portfolio
PowerShares Emerging Markets Sovereign Debt Portfolio	PowerShares S&P Emerging Markets Momentum Portfolio
PowerShares Europe Currency Hedged Low Volatility Portfolio	PowerShares S&P International Developed High Dividend Low Volatility Portfolio
PowerShares FTSE International Low Beta Equal Weight Portfolio	PowerShares S&P International Developed Low Volatility Portfolio
PowerShares FTSE RAFI Asia Pacific ex-Japan Portfolio	PowerShares S&P International Developed Momentum Portfolio
PowerShares FTSE RAFI Developed Markets ex-U.S. Portfolio	PowerShares S&P International Developed Quality Portfolio
PowerShares FTSE RAFI Developed Markets ex-U.S. Small-Mid Portfolio	PowerShares S&P MidCap Low Volatility Portfolio
PowerShares FTSE RAFI Emerging Markets Portfolio	PowerShares S&P SmallCap Consumer Discretionary Portfolio
PowerShares Fundamental High Yield® Corporate Bond Portfolio	PowerShares S&P SmallCap Consumer Staples Portfolio
PowerShares Fundamental Investment Grade Corporate Bond Portfolio	PowerShares S&P SmallCap Energy Portfolio
PowerShares Global Agriculture Portfolio	PowerShares S&P SmallCap Financials Portfolio
PowerShares Global Clean Energy Portfolio	PowerShares S&P SmallCap Health Care Portfolio
PowerShares Global Gold and Precious Metals Portfolio	PowerShares S&P SmallCap High Dividend Low Volatility Portfolio
PowerShares Global Short Term High Yield Bond Portfolio	PowerShares S&P SmallCap Industrials Portfolio
PowerShares Global Water Portfolio	PowerShares S&P SmallCap Information Technology Portfolio
PowerShares International BuyBack Achievers™ Portfolio	PowerShares S&P SmallCap Low Volatility Portfolio
PowerShares International Corporate Bond Portfolio	PowerShares S&P SmallCap Materials Portfolio
PowerShares Japan Currency Hedged Low Volatility Portfolio	PowerShares S&P SmallCap Utilities Portfolio
PowerShares KBW Bank Portfolio	PowerShares Senior Loan Portfolio
PowerShares KBW High Dividend Yield Financial Portfolio	PowerShares Treasury Collateral Portfolio
	PowerShares Variable Rate Preferred Portfolio
	PowerShares VRDO Tax-Free Weekly Portfolio

Also at the April 11, 2017 meeting, the Board of Trustees of the Trust, including the Independent Trustees, approved the continuation of the Investment Sub-Advisory Agreement between the Adviser and the following seven affiliated sub-advisers for each of PowerShares Senior Loan Portfolio and PowerShares Treasury Collateral Portfolio (the “Sub-Advisory Agreement”): Invesco Advisers, Inc.; Invesco Asset Management Deutschland, GmbH; Invesco Asset Management Limited; Invesco Asset Management (Japan) Limited;

Board Considerations Regarding Continuation of Investment Advisory Agreement and Sub-Advisory Agreement (continued)

Invesco Hong Kong Limited; Invesco Senior Secured Management, Inc.; and Invesco Canada Ltd. (each, a “Sub-Adviser” and collectively, the “Sub-Advisers”).

Investment Advisory Agreement

The Trustees reviewed information from the Adviser describing: (i) the nature, extent and quality of services provided, (ii) the investment performance of each Fund, as applicable, and the Adviser, (iii) the costs of services provided and estimated profits realized by the Adviser, (iv) the extent to which economies of scale are realized as a Fund grows, (v) whether fee levels reflect any possible economies of scale for the benefit of Fund shareholders, (vi) comparisons of services rendered to and amounts paid by other registered investment companies and (vii) any benefits realized by the Adviser from its relationship with the Funds.

Nature, Extent and Quality of Services. In evaluating the nature, extent and quality of the Adviser’s services, the Trustees reviewed information concerning the functions performed by the Adviser for the Funds, information describing the Adviser’s current organization and staffing, including operational support provided by the Adviser’s parent organization, Invesco Ltd. (“Invesco”), and the background and experience of the persons responsible for the day-to-day management of the Funds. The Trustees reviewed matters related to the Adviser’s execution and/or oversight of the execution of portfolio transactions on behalf of the Funds. The Trustees also reviewed information on the performance of the Funds (other than PowerShares Emerging Markets Currency Hedged Low Volatility Portfolio, PowerShares DWA Tactical International Rotation Portfolio, and PowerShares Treasury Collateral Portfolio, each of which had not commenced operations as of December 31, 2016, and other than PowerShares S&P SmallCap High Dividend Low Volatility Portfolio and PowerShares S&P International Developed High Dividend Low Volatility Portfolio, for which the Adviser did not provide performance information because each of these Funds had less than three months of performance history as of December 31, 2016) and their underlying indexes for the one-year, three-year, five-year and since-inception periods ended December 31, 2016, as applicable, including reports for each of those periods on the correlation and tracking error between each Fund’s performance and the performance of its underlying index, as well as the Adviser’s analysis of the tracking error and correlation between certain Funds and their underlying indexes. In reviewing the tracking error reports, the Trustees considered information provided by Invesco’s Global Performance Measurement and Risk Group, an independent organization within Invesco, with respect to general expected tracking error ranges and various explanations for any tracking error. The Trustees noted that for each applicable period, the correlation for each Fund, other than the since-inception, one-year and three-year periods for PowerShares Global Short Term High Yield Bond Portfolio, the since-inception and one-year periods for the PowerShares LadderRite 0-5 Year Corporate Bond Portfolio and the five-year period for PowerShares New York AMT-Free Municipal Bond Portfolio and PowerShares VRDO Tax-Free Weekly Portfolio, was within the targeted range set forth in the Trust’s registration statement. The Trustees reviewed the reasons provided by the Adviser for PowerShares Global Short Term High Yield Bond Portfolio’s, PowerShares LadderRite 0-5 Year Corporate Bond Portfolio’s, PowerShares New York AMT-Free Municipal Bond Portfolio’s and PowerShares VRDO Tax-Free Weekly Portfolio’s level of correlation to its underlying index, as well as the Adviser’s expectations for each such Fund’s correlation going forward. The Trustees noted that for each applicable period, the tracking error for each Fund was within the targeted range set forth in the Trust’s registration statement and concluded that each Fund’s correlation to its underlying index and the tracking error for each Fund were within an acceptable range given that Fund’s particular circumstances.

The Trustees also considered the services provided by the Adviser in its oversight of the Funds’ administrator, custodian and transfer agent. They noted the significant amount of time, effort and resources that had been devoted to this oversight function.

Based on their review, the Trustees concluded that the nature, extent and quality of services provided or to be provided by the Adviser to the Funds under the Investment Advisory Agreement were or were expected to be appropriate and reasonable, as applicable.

Fees, Expenses and Profitability. The Trustees reviewed and discussed the information provided by the Adviser on each Fund’s net expense ratio and unitary advisory fee, as compared to information compiled by the Adviser from Lipper Inc. databases on the net expense ratios of comparable exchange-traded funds (“ETFs”), open-end (non-ETF) index funds and open-end (non-ETF) actively-managed funds. The Trustees noted that the annual advisory fee charged to each Fund, as set forth below, is a unitary fee and that the Adviser pays all other operating expenses of each Fund, including the fees payable to the Sub-Advisers for PowerShares Senior Loan Portfolio and PowerShares Treasury Collateral Portfolio, except that each Fund pays its brokerage expenses, taxes, interest (including, for PowerShares Senior Loan Portfolio, interest expenses associated with its line of credit), litigation expenses and other extraordinary expenses.

Board Considerations Regarding Continuation of Investment Advisory Agreement and Sub-Advisory Agreement (continued)

0.08%	PowerShares Treasury Collateral Portfolio
0.15%	PowerShares DWA Momentum & Low Volatility Rotation Portfolio, PowerShares DWA Tactical Sector Rotation Portfolio
0.20%	PowerShares Russell 1000 Equal Weight Portfolio
0.22%	PowerShares Fundamental Investment Grade Corporate Bond Portfolio, PowerShares LadderRite 0-5 Year Corporate Bond Portfolio
0.25%	PowerShares 1-30 Laddered Treasury Portfolio, PowerShares Developed EuroPacific Currency Hedged Low Volatility Portfolio, PowerShares DWA Tactical Multi-Asset Income Portfolio, PowerShares Europe Currency Hedged Low Volatility Portfolio, PowerShares Japan Currency Hedged Low Volatility Portfolio, PowerShares S&P 500® ex-Rate Sensitive Low Volatility Portfolio, PowerShares S&P 500® High Beta Portfolio, PowerShares S&P 500® Low Volatility Portfolio, PowerShares S&P 500 Momentum Portfolio, PowerShares S&P 500 Value Portfolio, PowerShares S&P MidCap Low Volatility Portfolio, PowerShares S&P SmallCap Low Volatility Portfolio, PowerShares VRDO Tax-Free Weekly Portfolio
0.28%	PowerShares Build America Bond Portfolio, PowerShares California AMT-Free Municipal Bond Portfolio, PowerShares National AMT-Free Municipal Bond Portfolio, PowerShares New York AMT-Free Municipal Bond Portfolio
0.29%	PowerShares Emerging Markets Currency Hedged Low Volatility Portfolio, PowerShares S&P International Developed Quality Portfolio (the Trustees noted that, prior to January 1, 2017, PowerShares S&P International Developed Quality Portfolio's unitary advisory fee was 0.45%), PowerShares S&P SmallCap Consumer Discretionary Portfolio, PowerShares S&P SmallCap Consumer Staples Portfolio, PowerShares S&P SmallCap Energy Portfolio, PowerShares S&P SmallCap Financials Portfolio, PowerShares S&P SmallCap Health Care Portfolio, PowerShares S&P SmallCap Industrials Portfolio, PowerShares S&P SmallCap Information Technology Portfolio, PowerShares S&P SmallCap Materials Portfolio, PowerShares S&P SmallCap Utilities Portfolio
0.30%	PowerShares DWA Tactical International Rotation Portfolio, PowerShares S&P 500® High Dividend Low Volatility Portfolio, PowerShares S&P International Developed High Dividend Low Volatility Portfolio, PowerShares SmallCap High Dividend Low Volatility Portfolio
0.35%	PowerShares Contrarian Opportunities Portfolio, PowerShares Global Short Term High Yield Bond Portfolio, PowerShares KBW Bank Portfolio, PowerShares KBW High Dividend Yield Financial Portfolio, PowerShares KBW Premium Yield Equity REIT Portfolio, PowerShares KBW Property & Casualty Insurance Portfolio, PowerShares KBW Regional Banking Portfolio, PowerShares Russell 1000 Low Beta Equal Weight Portfolio, PowerShares S&P International Developed Low Volatility Portfolio, PowerShares S&P International Developed Momentum Portfolio
0.45%	PowerShares Chinese Yuan Dim Sum Bond Portfolio, PowerShares FTSE International Low Beta Equal Weight Portfolio, PowerShares FTSE RAFI Developed Markets ex-U.S. Portfolio, PowerShares S&P Emerging Markets Low Volatility Portfolio, PowerShares S&P Emerging Markets Momentum Portfolio
0.49%	PowerShares FTSE RAFI Asia Pacific ex-Japan Portfolio, PowerShares FTSE RAFI Developed Markets ex-U.S. Small-Mid Portfolio, PowerShares FTSE RAFI Emerging Markets Portfolio
0.50%	PowerShares CEF Income Composite Portfolio, PowerShares Emerging Markets Sovereign Debt Portfolio, PowerShares Fundamental High Yield® Corporate Bond Portfolio, PowerShares International Corporate Bond Portfolio, PowerShares Preferred Portfolio, PowerShares Variable Rate Preferred Portfolio
0.55%	PowerShares International BuyBack Achievers™ Portfolio
0.60%	PowerShares DWA SmallCap Momentum Portfolio
0.65%	PowerShares Senior Loan Portfolio
0.75%	PowerShares Emerging Markets Infrastructure Portfolio, PowerShares Global Agriculture Portfolio, PowerShares Global Clean Energy Portfolio, PowerShares Global Gold and Precious Metals Portfolio, PowerShares Global Water Portfolio
0.80%	PowerShares DWA Developed Markets Momentum Portfolio
0.90%	PowerShares DWA Emerging Markets Momentum Portfolio

The Trustees noted that the Adviser represented that it does not serve as an investment adviser to any clients, other than other ETFs also overseen by the Trustees, with comparable investment strategies as the Funds, but that the Adviser provides sub-advisory services to clients with comparable investment strategies as certain of the Funds. The Trustees further noted the Adviser's explanation with respect to the sub-advisory fees it receives for such services in comparison to the advisory fees charged to the Funds.

The Trustees determined that the advisory fees were reasonable, noting the nature of the indexes, the distinguishing factors of the Funds, and the administrative, operational and management oversight costs for the Adviser. The Trustees noted that the net expense ratios for certain Funds were equal to or lower than the median net expense ratios of their ETF and open-end index peer funds as illustrated in the table below. The Trustees also noted that the net expense ratios for all of the Funds (except for PowerShares DWA Momentum & Low Volatility Rotation Portfolio and for PowerShares DWA Tactical Sector Rotation Portfolio) were lower than the median net expense ratios of their open-end actively-managed peer funds. The Trustees noted that the net expense ratio for PowerShares DWA Momentum & Low Volatility Rotation Portfolio was higher than the median net expense ratio of its open-end actively-managed peer fund, and they also noted that the Adviser indicated that PowerShares DWA Tactical Sector Rotation Portfolio did not have any comparable open-end actively-managed peers.

Board Considerations Regarding Continuation of Investment Advisory Agreement and Sub-Advisory Agreement (continued)

PowerShares Fund	Equal to/Lower than ETF Median¹	Equal to/Lower than Open-End Index Fund Median²	Equal to/Lower than Open-End Active Fund Median
PowerShares 1-30 Laddered Treasury Portfolio			X
PowerShares Build America Bond Portfolio		N/A	X
PowerShares California AMT-Free Municipal Bond Portfolio		N/A	X
PowerShares CEF Income Composite Portfolio	N/A	X	X
PowerShares Chinese Yuan Dim Sum Bond Portfolio	X	N/A	X
PowerShares Contrarian Opportunities Portfolio		X	X
PowerShares Developed EuroPacific Currency Hedged Low Volatility Portfolio	X	X	X
PowerShares DWA Developed Markets Momentum Portfolio		X	X
PowerShares DWA Emerging Markets Momentum Portfolio			X
PowerShares DWA Momentum & Low Volatility Rotation Portfolio	N/A	N/A	
PowerShares DWA SmallCap Momentum Portfolio		X	X
PowerShares DWA Tactical International Rotation Portfolio	X	N/A	X
PowerShares DWA Tactical Multi-Asset Income Portfolio	N/A	N/A	X
PowerShares DWA Tactical Sector Rotation Portfolio	X	N/A	N/A
PowerShares Emerging Markets Currency Hedged Low Volatility Portfolio	X	X	X
PowerShares Emerging Markets Infrastructure Portfolio		N/A	X
PowerShares Emerging Markets Sovereign Debt Portfolio	X		X
PowerShares Europe Currency Hedged Low Volatility Portfolio	X	X	X
PowerShares FTSE International Low Beta Equal Weight Portfolio			X
PowerShares FTSE RAFI Asia Pacific ex-Japan Portfolio	X		X
PowerShares FTSE RAFI Developed Markets ex-U.S. Portfolio		X	X
PowerShares FTSE RAFI Developed Markets ex-U.S. Small-Mid Portfolio	X	X	X
PowerShares FTSE RAFI Emerging Markets Portfolio	X		X
PowerShares Fundamental High Yield® Corporate Bond Portfolio		N/A	X
PowerShares Fundamental Investment Grade Corporate Bond Portfolio			X
PowerShares Global Agriculture Portfolio			X
PowerShares Global Clean Energy Portfolio		N/A	X
PowerShares Global Gold and Precious Metals Portfolio		N/A	X
PowerShares Global Short Term High Yield Bond Portfolio	X	N/A	X
PowerShares Global Water Portfolio		N/A	X
PowerShares International BuyBack Achievers™ Portfolio			X
PowerShares International Corporate Bond Portfolio			X
PowerShares Japan Currency Hedged Low Volatility Portfolio	X	X	X
PowerShares KBW Bank Portfolio	X		X
PowerShares KBW High Dividend Yield Financial Portfolio	X		X
PowerShares KBW Premium Yield Equity REIT Portfolio	X		X
PowerShares KBW Property & Casualty Insurance Portfolio	X		X
PowerShares KBW Regional Banking Portfolio	X		X
PowerShares LadderRite 0-5 Year Corporate Bond Portfolio			X
PowerShares National AMT-Free Municipal Bond Portfolio		N/A	X
PowerShares New York AMT-Free Municipal Bond Portfolio		N/A	X
PowerShares Preferred Portfolio	X	N/A	X
PowerShares Russell 1000 Equal Weight Portfolio	X	X	X

Board Considerations Regarding Continuation of Investment Advisory Agreement and Sub-Advisory Agreement (continued)

PowerShares Fund	Equal to/Lower than ETF Median¹	Equal to/Lower than Open-End Index Fund Median²	Equal to/Lower than Open-End Active Fund Median
PowerShares Russell 1000 Low Beta Equal Weight Portfolio	X		X
PowerShares S&P 500® ex-Rate Sensitive Low Volatility Portfolio	X	X	X
PowerShares S&P 500 High Beta Portfolio	X	X	X
PowerShares S&P 500® High Dividend Low Volatility Portfolio	X	X	X
PowerShares S&P 500® Low Volatility Portfolio	X	X	X
PowerShares S&P 500® Momentum Portfolio		X	X
PowerShares S&P 500 Value Portfolio		X	X
PowerShares S&P Emerging Markets Low Volatility Portfolio	X	X	X
PowerShares S&P Emerging Markets Momentum Portfolio	X	X	X
PowerShares S&P International Developed High Dividend Low Volatility Portfolio	X	N/A	X
PowerShares S&P International Developed Low Volatility Portfolio	X	X	X
PowerShares S&P International Developed Momentum Portfolio	X	X	X
PowerShares S&P International Developed Quality Portfolio			X
PowerShares S&P MidCap Low Volatility Portfolio	X	X	X
PowerShares S&P SmallCap Consumer Discretionary Portfolio	X		X
PowerShares S&P SmallCap Consumer Staples Portfolio	X		X
PowerShares S&P SmallCap Energy Portfolio	X		X
PowerShares S&P SmallCap Financials Portfolio	X		X
PowerShares S&P SmallCap Health Care Portfolio	X		X
PowerShares S&P SmallCap High Dividend Low Volatility Portfolio	X	X	X
PowerShares S&P SmallCap Industrials Portfolio	X		X
PowerShares S&P SmallCap Information Technology Portfolio	X	X	X
PowerShares S&P SmallCap Low Volatility Portfolio	X	X	X
PowerShares S&P SmallCap Materials Portfolio	X		X
PowerShares S&P SmallCap Utilities Portfolio	X	X	X
PowerShares Senior Loan Portfolio		N/A	X
PowerShares Treasury Collateral Portfolio	X	X	X
PowerShares Variable Rate Preferred Portfolio		X	X
PowerShares VRDO Tax-Free Weekly Portfolio		N/A	X

¹ The information provided by the Adviser indicated that certain Funds did not have any comparable ETF peers. Those Funds have been designated in this column with an “N/A” for not available.

² The information provided by the Adviser indicated that certain Funds did not have any comparable open-end index fund peers. Those Funds have been designated in this column with an “N/A” for not available.

In response to questions from the Independent Trustees, the Adviser provided supplemental information regarding each of PowerShares 1-30 Laddered Treasury Portfolio, PowerShares California AMT-Free Municipal Bond Portfolio, PowerShares FTSE International Low Beta Equal Weight Portfolio and PowerShares New York AMT-Free Municipal Bond Portfolio's advisory fees and total expenses and the Lipper peer data. The Adviser explained in detail its view that it believes that the advisory fees and total expenses for these Funds are competitive and generally in line with other comparable funds in the marketplace, noting, in particular, the unique underlying investment strategy and complexity of each Fund, the limited number of peers in the Lipper data, and/or the differing pricing philosophy of certain of the peers.

The Trustees also reviewed the fees, and any difference in fees, between each Fund that is structured as a fund-of-funds and invests in funds that comprise an index developed by Dorsey Wright & Associates, LLC (“DWA Fund-of-Funds”). The Trustees noted that the unitary fees for the DWA Fund-of-Funds vary from 15 to 30 basis points. The Independent Trustees considered the Adviser's

Board Considerations Regarding Continuation of Investment Advisory Agreement and Sub-Advisory Agreement (continued)

explanation that the applicable license fee the Adviser pays with respect to each DWA Fund-of-Fund is dependent on the underlying funds in which the DWA Fund-of-Fund invests and that after payment of such license fee the variance between each DWA Fund-of-Fund's unitary fee is less. The Trustees noted that the unitary fee for PowerShares DWA Tactical International Rotation Portfolio was higher than the unitary fee for the other DWA Fund-of-Funds, reflecting, in part, its ability to invest, at times, in non-affiliated funds.

The Trustees considered that the Adviser had agreed to waive a portion of its advisory fee, at least until February 28, 2019, for PowerShares S&P Emerging Markets Momentum Portfolio, PowerShares S&P Emerging Markets Low Volatility Portfolio, PowerShares S&P International Developed Momentum Portfolio and PowerShares S&P International Developed Low Volatility Portfolio.

The Trustees determined that each Fund's advisory fee was reasonable because of the nature of the indexes, the distinguishing factors of the Funds and the administrative, operational and management oversight costs for the Adviser. The Trustees also noted that a portion of each Fund's advisory fee was attributable to a license fee payable out of the unitary fee charged to that Fund.

The Board concluded that the unitary advisory fee charged to each Fund was reasonable and appropriate in light of the services provided.

In conjunction with their review of the unitary advisory fees, the Trustees also considered information provided by the Adviser on the revenues received by the Adviser under the Investment Advisory Agreement for the Funds. The Trustees reviewed information provided by the Adviser on its overall profitability, as well as the estimated profitability to the Adviser from its relationship to each Fund, other than PowerShares DWA Tactical International Rotation Portfolio, PowerShares Emerging Markets Currency Hedged Low Volatility Portfolio and PowerShares Treasury Collateral Portfolio. (The Trustees did not consider the estimated profitability of the Adviser in managing these Funds because they had not yet commenced operations as of December 31, 2016.) The Trustees concluded that the overall and estimated profitability to the Adviser was not unreasonable.

Economies of Scale and Whether Fee Levels Reflect These Economies of Scale. The Trustees reviewed the information provided by the Adviser as to the extent to which economies of scale are realized as each Fund grows and whether fee levels reflect economies of scale for the benefit of shareholders. The Trustees reviewed each Fund's asset size and expense ratio. The Trustees noted that any reduction in fixed costs associated with the management of the Funds would be enjoyed by the Adviser, but a unitary fee provides a level of certainty in expenses for the Funds. The Trustees considered whether the advisory fee rate for each Fund was reasonable in relation to the asset size of that Fund, and concluded that the flat advisory fee was reasonable and appropriate.

The Trustees noted that the Adviser had not identified any further benefits that it derived from its relationships with the Funds and had noted that it does not have any soft-dollar arrangements.

Based on all of the information considered and the conclusions reached, the Board, including the Independent Trustees, determined to approve the continuation of the Investment Advisory Agreement for each Fund. No single factor was determinative in the Board's analysis.

Investment Sub-Advisory Agreement

As noted above, the Board of Trustees of the Trust, including the Independent Trustees, approved the continuation of the Sub-Advisory Agreement for each of PowerShares Senior Loan Portfolio and PowerShares Treasury Collateral Portfolio at a meeting held on April 11, 2017. The review process followed by the Board is described in detail above. In connection with the review of the Sub-Advisory Agreement, the Board considered the factors described below, among others.

Nature, Extent and Quality of Services. The Trustees considered the nature, extent and quality of services provided under the Sub-Advisory Agreement. The Board also considered the benefits described by the Adviser in having multiple affiliated Sub-Advisers. The Board reviewed the qualifications and background of each Sub-Adviser, the investment approach of the Sub-Adviser whose investment personnel manage PowerShares Senior Loan Portfolio's and PowerShares Treasury Collateral Portfolio's assets, the experience and skills of the investment personnel responsible for the day-to-day management of the Funds, and the resources made available to such personnel.

Based on their review, the Trustees concluded that the nature, extent and quality of services provided by the Sub-Advisers to PowerShares Senior Loan Portfolio and PowerShares Treasury Collateral Portfolio under the Sub-Advisory Agreement were appropriate and reasonable.

Board Considerations Regarding Continuation of Investment Advisory Agreement and Sub-Advisory Agreement (continued)

Fees, Expenses and Profitability. The Trustees reviewed and discussed the information provided by the Adviser and the Sub-Advisers on the sub-advisory fee rate under the Sub-Advisory Agreement. The Trustees noted that the sub-advisory fees charged by the Sub-Advisers under the Sub-Advisory Agreement are consistent with the compensation structure used throughout Invesco when Invesco's affiliates provide sub-advisory services for funds managed by other Invesco affiliates. The Board considered how the sub-advisory fees relate to the overall advisory fee for each of PowerShares Senior Loan Portfolio and PowerShares Treasury Collateral Portfolio and noted that the Adviser compensates the Sub-Advisers from its fee.

The Trustees also considered information provided by Invesco Senior Secured Management, Inc. on the revenues it receives under the Sub-Advisory Agreement, as well as any profits or losses realized by the Sub-Adviser from its relationship to PowerShares Senior Loan Portfolio. (The Trustees did not consider the estimated profitability of the Sub-Adviser in managing PowerShares Treasury Collateral Portfolio because that Fund had not yet commenced operations as of December 31, 2016.) The Trustees concluded that the estimated profitability to the Sub-Adviser of the sub-advisory services provided to PowerShares Senior Loan Portfolio was not unreasonable.

Economies of Scale and Whether Fee Levels Reflect These Economies of Scale. As part of their review of the Investment Advisory Agreement for PowerShares Senior Loan Portfolio and PowerShares Treasury Collateral Portfolio, the Trustees considered the extent to which economies of scale are realized as the Funds grow and whether fee levels reflect economies of scale for the benefit of shareholders. The Trustees considered whether the sub-advisory fee rate for PowerShares Senior Loan Portfolio and PowerShares Treasury Collateral Portfolio was reasonable in relation to the asset size of the Funds, and concluded that the flat sub-advisory fee was reasonable and appropriate.

The Trustees noted that the Sub-Advisers had not identified any further benefits that they derived from their relationships with PowerShares Senior Loan Portfolio and PowerShares Treasury Collateral Portfolio.

Based on all of the information considered and the conclusions reached, the Board, including the Independent Trustees, determined to approve the continuation of the Sub-Advisory Agreement for PowerShares Senior Loan Portfolio and PowerShares Treasury Collateral Portfolio. No single factor was determinative in the Board's analysis.

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Proxy Voting Policies and Procedures

A description of the Trust's proxy voting policies and procedures that the Fund uses to determine how to vote proxies relating to portfolio securities is available, without charge and upon request, by calling (800) 983-0903. This information is also available on the Securities and Exchange Commission's ("Commission") website at www.sec.gov.

Information regarding how the Fund voted proxies for portfolio securities, if applicable, during the most recent 12-month period ended June 30, is also available, without charge and upon request, by (i) calling (800) 983-0903; or (ii) accessing the Trust's Form N-PX on the Commission's website at www.sec.gov.

Quarterly Portfolios

The Trust files its complete schedule of portfolio holdings for the Fund with the Commission for the first and third quarters of each fiscal year on Form N-Q. The Trust's Forms N-Q are available on the Commission's website at www.sec.gov. The Trust's Forms N-Q may also be reviewed and copied at the Commission's Public Reference Room in Washington, DC; information on the operation of the Public Reference Room may be obtained by calling (800) SEC-0330.

Frequency Distribution of Discounts and Premiums

A table showing the number of days the market price of the Fund's shares was greater than the Fund's net asset value, and the number of days it was less than the Fund's net asset value (i.e., premium or discount) for the most recently completed calendar year, and the calendar quarters since that year end (or the life of the Fund, if shorter) may be found at the Fund's website at www.powershares.com.

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3500 Lacey Road, Suite 700
Downers Grove, IL 60515

powershares.com 800 983 0903  @PowerShares

