Part I  Reporting Issuer

1 Issuer’s name

PowerShares Variable Rate Investment Grade Portfolio

2 Issuer’s employer identification number (EIN)

91-1009434

3 Name of contact for additional information

PowerShares CLIENT SERVICES

4 Telephone No. of contact

800-993-0903

5 Email address of contact

INFO@POWERSHARES.COM

6 Number and street (or P.O. box if mail is not delivered to street address) of contact

3500 LACEY ROAD, SUITE 700

7 City, town, or post office, state, and Zip code of contact

DOWNS GROVE, IL 60515

8 Date of action

9 Classification and description

COMMON STOCK

See Attachment

10 CUSIP number

11 Serial number(s)

See Attachment

12 Ticker symbol

13 Account number(s)

Part II  Organizational Action

Attach additional statements if needed. See back of form for additional questions.

14 Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action

The Fund paid monthly distributions to shareholders during 2016.

A portion of 10/31/2016 distribution constitutes a non-taxable return of capital. - See attachment.

15 Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis

The portion of each distribution that constitutes a non-taxable return of capital will decrease a U.S. taxpayer's basis in the shares of the issuer. For non-taxable return of capital see attachment.

16 Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates

The Fund's current and accumulated earnings were compared to the distributions paid during the period ended October 2016. The non-taxable return of capital represents the amount of distributions paid during the taxable period ended October 31, 2016 in excess of the Fund's current and accumulated earnings and profits under IRC Section 316.
List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ⬤

Internal Revenue Code Sections 301, 316, 852.

\[\text{Signature} \quad \text{S/ STEVEN M. HILL} \quad \text{Date} \quad 01/15/2017\]

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Print your name ⬤ A signed copy is maintained by the issuer.

Paid Preparer Use Only

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<th>Print/Type preparer's name</th>
<th>Preparer's signature</th>
<th>Date</th>
<th>Check □ if self-employed</th>
<th>PTIN</th>
<th>Firm's name</th>
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Send Form 8937 (including accompanying statements) to: Department of the Treasury, Internal Revenue Service, Ogden, UT 84201-0054
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