

**Report of Organizational Actions
 Affecting Basis of Securities**

▶ See separate instructions.

Part I Reporting Issuer

| | | | |
|--|---|--|----------------------|
| 1 Issuer's name PowerShares CEF Income Composite Portfolio | | 2 Issuer's employer identification number (EIN) 90-0529572 | |
| 3 Name of contact for additional information POWERSHARES CLIENT SERVICES | 4 Telephone No. of contact 800-983-0903 | 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 DOWNERS GROVE, IL 60515 | |
| 8 Date of action See Attachment | 9 Classification and description COMMON STOCK | | |
| 10 CUSIP number See Attachment | 11 Serial number(s) | 12 Ticker symbol See Attachment | 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 a monthly distribution to shareholders during 2013.
A portion of each 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 2013. The non-taxable return of capital represents the amount of distributions paid during the taxable period ended October 31, 2013 in excess of the Fund's current and accumulated earnings and profits under IRC Section 316.

| <u>CUSIP</u> | <u>Ticker Symbol</u> | <u>Payable Date</u> | <u>Distribution Per Share</u> | <u>Income Dividends</u> | <u>Per Share</u> | | | |
|--------------|----------------------|---------------------|-------------------------------|-------------------------|---------------------------------|---------------------------------|--------------------------------|---------------------------------|
| | | | | | <u>Short-term Capital Gains</u> | <u>Total Ordinary Dividends</u> | <u>Long-Term Capital Gains</u> | <u>Nondividend Distribution</u> |
| 73936Q843 | PCEF | 01/31/2013 | 0.168940 | 0.121311 | 0.000000 | 0.121311 | 0.000000 | 0.047629 |
| 73936Q843 | PCEF | 02/28/2013 | 0.173860 | 0.124844 | 0.000000 | 0.124844 | 0.000000 | 0.049016 |
| 73936Q843 | PCEF | 03/28/2013 | 0.164980 | 0.118468 | 0.000000 | 0.118468 | 0.000000 | 0.046512 |
| 73936Q843 | PCEF | 04/30/2013 | 0.163380 | 0.117319 | 0.000000 | 0.117319 | 0.000000 | 0.046061 |
| 73936Q843 | PCEF | 05/31/2013 | 0.145500 | 0.104480 | 0.000000 | 0.104480 | 0.000000 | 0.041020 |
| 73936Q843 | PCEF | 06/28/2013 | 0.164760 | 0.118310 | 0.000000 | 0.118310 | 0.000000 | 0.046450 |
| 73936Q843 | PCEF | 07/31/2013 | 0.161780 | 0.116170 | 0.000000 | 0.116170 | 0.000000 | 0.045810 |
| 73936Q843 | PCEF | 08/30/2013 | 0.162560 | 0.116730 | 0.000000 | 0.116730 | 0.000000 | 0.045830 |
| 73936Q843 | PCEF | 09/30/2013 | 0.164090 | 0.117829 | 0.000000 | 0.117829 | 0.000000 | 0.046261 |
| 73936Q843 | PCEF | 10/31/2013 | 0.166370 | 0.119466 | 0.000000 | 0.119466 | 0.000000 | 0.046904 |
| 73936Q843 | PCEF | 11/29/2013 | 0.166750 | 0.166750 | 0.000000 | 0.166750 | 0.000000 | 0.000000 |
| 73936Q843 | PCEF | 12/31/2013 | 0.176800 | 0.176800 | 0.000000 | 0.176800 | 0.000000 | 0.000000 |
| Total | | | 1.979770 | 1.518477 | 0.000000 | 1.518477 | 0.000000 | 0.461293 |