

POWERSHARES DB AGRICULTURE FUND  
Form 10-Q  
August 05, 2008

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**  
For the quarterly period ended June 30, 2008

OR

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**  
For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number: 001-33238

**POWERSHARES DB AGRICULTURE FUND**

**(A Series of PowerShares DB Multi-Sector Commodity Trust)**  
(Exact name of Registrant as specified in its charter)

**Delaware**

(State or Other Jurisdiction of Incorporation or Organization)

**87-0778078**

(I.R.S. Employer Identification No.)

**c/o DB Commodity Services LLC**

**60 Wall Street**

**New York, New York**

(Address of Principal Executive Offices)

**10005**

(Zip Code)

**DB AGRICULTURE MASTER FUND**

**(A Series of DB Multi-Sector Commodity Master Trust)**  
(Exact name of Rule 140 Co-Registrant as specified in its charter)

**Delaware**

(State or Other Jurisdiction of Incorporation or Organization)

**87-0778079**

(I.R.S. Employer Identification No.)

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**c/o DB Commodity Services LLC**

**60 Wall Street**

**New York, New York**

**10005**

(Address of Principal Executive Offices)

(Zip Code)

Registrant's telephone number, including area code: **(212) 250-5883**

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definition of accelerated filer, large accelerated filer, and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated Filer

Accelerated Filer

Non-Accelerated Filer  (Do not check if a smaller reporting company)

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

Indicate the number of outstanding Limited Shares as of June 30, 2008: 66,200,000 Limited Shares.

**POWERSHARES DB AGRICULTURE FUND**

(A SERIES OF POWERSHARES DB MULTI-SECTOR COMMODITY TRUST)

**QUARTER ENDED JUNE 30, 2008**

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## PART I. FINANCIAL INFORMATION

## ITEM 1. FINANCIAL STATEMENTS.

*PowerShares DB Agriculture Fund and Subsidiary**Consolidated Statements of Financial Condition**June 30, 2008 (unaudited) and December 31, 2007*

	June 30, 2008	December 31, 2007
<b>Assets</b>		
Equity in broker trading accounts:		
United States Treasury Obligations, at fair value (cost \$2,543,962,406 and \$1,034,673,552, respectively)	\$ 2,544,212,464	\$ 1,034,833,498
Net unrealized appreciation on futures contracts	546,211,354	139,389,550
Deposits with broker	3,090,423,818	1,174,223,048
Receivables for shares issued	8,167,630	6,562,700
<b>Total assets</b>	<b>\$ 3,098,591,448</b>	<b>\$ 1,180,785,748</b>
<b>Liabilities and shareholders equity</b>		
Payable to broker	\$ 385,353,333	\$ 58,523,025
Payable for securities purchased	7,967,129	5,956,083
Management fee payable	1,665,678	610,088
Brokerage fees payable	116,489	32,991
Non controlling interest in consolidated subsidiary - related party	1,634	1,000
<b>Total liabilities</b>	<b>395,104,263</b>	<b>65,123,187</b>
<b>Commitments and Contingencies (Note 9)</b>		
<b>Shareholders equity</b>		
General shares:		
Paid in capital - 40 shares issued and outstanding as of June 30, 2008 and December 31, 2007, respectively	1,000	1,000
Accumulated earnings	634	313
<b>Total General shares</b>	<b>1,634</b>	<b>1,313</b>
Limited shares:		
Paid in capital - 66,200,000 and 34,000,000 redeemable shares issued and outstanding as of June 30, 2008, and December 31, 2007, respectively	2,185,697,540	953,481,076
Accumulated earnings	517,788,011	162,180,172
<b>Total Limited shares</b>	<b>2,703,485,551</b>	<b>1,115,661,248</b>
<b>Total shareholders equity</b>	<b>2,703,487,185</b>	<b>1,115,662,561</b>
<b>Total liabilities and shareholders equity</b>	<b>\$ 3,098,591,448</b>	<b>\$ 1,180,785,748</b>
<b>Net asset value per share</b>		
General shares	\$ 40.85	\$ 32.83

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Limited shares	\$	40.84	\$	32.81
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*See accompanying notes to unaudited consolidated financial statements.*

*PowerShares DB Agriculture Fund and Subsidiary**Unaudited Consolidated Schedule of Investments**June 30, 2008*

Description	Percentage of Net Assets	Fair Value	Face Value
<b>United States Treasury Obligations</b>			
U.S. Treasury Bills, 1.88% due July 3, 2008	0.89%	\$ 23,999,256	\$ 24,000,000
U.S. Treasury Bills, 1.99% due July 10, 2008	22.15	598,879,002	599,000,000
U.S. Treasury Bills, 1.84% due July 17, 2008	10.35	279,824,160	280,000,000
U.S. Treasury Bills, 1.58% due July 24, 2008	3.18	85,917,010	86,000,000
U.S. Treasury Bills, 1.42% due July 31, 2008	1.92	51,927,876	52,000,000
U.S. Treasury Bills, 1.61% due August 7, 2008	9.49	256,550,507	257,000,000
U.S. Treasury Bills, 1.80% due August 14, 2008	3.21	86,816,082	87,000,000
U.S. Treasury Bills, 1.86% due August 21, 2008	5.83	157,612,742	158,000,000
U.S. Treasury Bills, 1.87% due August 28, 2008	13.57	366,973,280	368,000,000
U.S. Treasury Bills, 1.82% due September 4, 2008	1.25	33,894,090	34,000,000
U.S. Treasury Bills, 1.85% due September 11, 2008	13.90	375,733,280	377,000,000
U.S. Treasury Bills, 2.05% due September 18, 2008	4.09	110,563,215	111,000,000
U.S. Treasury Bills, 1.86% due September 25, 2008	4.27	115,521,964	116,000,000
<b>Total United States Treasury Obligations (cost \$2,543,962,406)</b>	<b>94.11%</b>	<b>\$ 2,544,212,464</b>	

*A portion of the above United States Treasury Obligations are held as initial margin against open futures contracts, as noted in Note 4 (e).*

Description	Percentage of Net Assets	Fair Value
<b>Unrealized Appreciation/Depreciation on Futures Contracts</b>		
Corn (13,499 contracts, settlement date December 12, 2008)	7.81%	\$ 211,269,412
Corn (8,282 contracts, settlement date March 13, 2009)	1.51	40,832,175
Soybean (6,499 contracts, settlement date November 14, 2008)	6.66	180,144,462
Soybean (3,304 contracts, settlement date January 14, 2009)	1.61	43,637,513
Sugar (28,653 contracts, settlement date June 30, 2009)	1.49	40,368,854
Wheat (1,499 contracts, settlement date December 12, 2008)	0.37	9,938,238
Wheat (4,999 contracts, settlement date July 14, 2009)	0.55	14,770,025
Wheat KCB (1,082 contracts, settlement date December 12, 2008)	(0.27)	(7,211,075)
Wheat (4,999 contracts, settlement date July 14, 2009)	0.46	12,461,750
<b>Net Unrealized Depreciation on Futures Contracts</b>	<b>20.20%</b>	<b>\$ 546,211,354</b>

*See accompanying notes to unaudited consolidated financial statements.*

*PowerShares DB Agriculture Fund and Subsidiary**Consolidated Schedule of Investments**December 31, 2007*

<b>Description</b>	<b>Percentage of Net Assets</b>	<b>Fair Value</b>	<b>Face Value</b>
<b>United States Treasury Obligations</b>			
U.S. Treasury Bills, 3.10% due January 3, 2008	1.97%	\$ 21,998,592	\$ 22,000,000
U.S. Treasury Bills, 2.89% due January 10, 2008	10.75	119,934,840	120,000,000
U.S. Treasury Bills, 2.75% due January 17, 2008	8.68	96,893,397	97,000,000
U.S. Treasury Bills, 3.04% due January 24, 2008	4.48	49,919,700	50,000,000
U.S. Treasury Bills, 3.92% due January 31, 2008	7.33	81,807,792	82,000,000
U.S. Treasury Bills, 3.55% due February 7, 2008	9.56	106,689,700	107,000,000
U.S. Treasury Bills, 3.43% due February 14, 2008	0.89	9,965,300	10,000,000
U.S. Treasury Bills, 3.39% due February 21, 2008	3.66	40,831,859	41,000,000
U.S. Treasury Bills, 3.18% due February 28, 2008	4.46	49,763,700	50,000,000
U.S. Treasury Bills, 3.03% due March 6, 2008	8.20	91,503,936	92,000,000
U.S. Treasury Bills, 3.00% due March 13, 2008	12.74	142,132,705	143,000,000
U.S. Treasury Bills, 3.00% due March 20, 2008	10.59	118,187,825	119,000,000
U.S. Treasury Bills, 3.28% due March 27, 2008	9.43	105,204,152	106,000,000
<b>Total United States Treasury Obligations (cost \$1,034,673,552)</b>	<b>92.74%</b>	<b>\$ 1,034,833,498</b>	

*A portion of the above United States Treasury Obligations are held as initial margin against open futures contracts, as noted in Note 4(e).*

<b>Description</b>	<b>Percentage of Net Assets</b>	<b>Fair Value</b>
<b>Unrealized Appreciation (Depreciation) on Futures Contracts</b>		
Corn (11,281 contracts, settlement date December 12, 2008)	1.94%	\$ 21,612,538
Soybean (5,049 contracts, settlement date November 14, 2008)	3.34	37,223,125
Sugar (21,096 contracts, settlement date June 30, 2008)	2.03	22,615,274
Wheat (681 contracts, settlement date July 14, 2008)	0.01	93,313
Wheat (4,999 contracts, settlement date July 14, 2008)	4.92	54,933,625
Wheat (1,499 contracts, settlement date December 12, 2008)	0.26	2,911,675
<b>Net Unrealized Appreciation on Futures Contracts</b>	<b>12.50%</b>	<b>\$ 139,389,550</b>

*See accompanying notes to unaudited consolidated financial statements.*



*PowerShares DB Agriculture Fund and Subsidiary**Unaudited Consolidated Statements of Income and Expenses**For the Three Months Ended June 30, 2008 and 2007 and Six Months Ended June 30, 2008 and Period Ended June 30,**2007(i)*

	Three Months Ended June 30, 2008	Three Months Ended June 30, 2007	Six Months Ended June 30, 2008	Period Ended June 30, 2007
<b>Income</b>				
Interest Income, net	\$ 10,142,641	\$ 3,663,497	\$ 25,222,748	\$ 5,153,408
<b>Expenses</b>				
Management Fee	4,950,721	549,636	9,093,445	771,222
Brokerage Commissions and Fees	556,154	117,255	1,079,935	164,527
Total Expenses	5,506,875	666,891	10,173,380	935,749
<b>Net Investment Income</b>	4,635,766	2,996,606	15,049,368	4,217,659
<b>Net Realized and Net Change in Unrealized Gain (Loss) on United States Treasury Obligations and Futures</b>				
<b>Net Realized Gain (Loss) on</b>				
United States Treasury Obligations	95,799	1,573	1,210,751	1,573
Futures	(56,293,927)	(3,040,103)	(67,563,875)	(2,975,938)
<b>Net Realized Gain (Loss)</b>	(56,198,128)	(3,038,530)	(66,353,124)	(2,974,365)
<b>Net Change in Unrealized Gain (Loss) on</b>				
United States Treasury Obligations	(1,185,128)	73,062	90,112	109,357
Futures	332,492,509	10,213,870	406,821,804	3,494,307