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DB Multi-Sector Commodity Master Trust
Form 10-Q
July 31, 2009
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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, 2009

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)

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Delaware

(State or Other Jurisdiction of Incorporation or Organization)

87-0778079

(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)

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 has submitted electronically and posted on its corporate Web site, if any, an Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrant was required to submit and post such files). 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 Shares as of June 30, 2009: 92,000,000 Shares.

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POWERSHARES DB AGRICULTURE FUND

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

QUARTER ENDED JUNE 30, 2009

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Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

Exhibit 32.2

Certification of Principal Financial Officer pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

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Table of Contents**PART I. FINANCIAL INFORMATION****ITEM 1. FINANCIAL STATEMENTS.***PowerShares DB Agriculture Fund and Subsidiary**Consolidated Statements of Financial Condition**June 30, 2009 (unaudited) and December 31, 2008*

	June 30, 2009	December 31, 2008
Assets		
Equity in broker trading accounts:		
United States Treasury Obligations, at fair value (cost \$2,352,503,799 and \$404,869,788, respectively)	\$ 2,352,497,964	\$ 404,892,805
Cash held by broker	115,109,933	732,849,487
Net unrealized depreciation on futures contracts	(131,682,689)	(73,202,267)
Deposits with broker	2,335,925,208	1,064,540,025
Total assets	\$ 2,335,925,208	\$ 1,064,540,025
Liabilities		
Management fee payable	1,497,440	627,835
Brokerage fee payable	9,852	15,537
Total liabilities	\$ 1,507,292	\$ 643,372
Commitments and Contingencies (Note 9)		
Equity		
Shareholders' equity		
General shares:		
Paid in capital - 40 shares issued and outstanding as of June 30, 2009 and December 31, 2008, respectively	1,000	1,000
Accumulated earnings	15	38
Total General shares	1,015	1,038
Shares:		
Paid in capital - 92,000,000 and 41,000,000 redeemable Shares issued and outstanding as of June 30, 2009 and December 31, 2008, respectively	2,706,692,018	1,391,803,646
Accumulated deficit	(372,276,132)	(327,909,069)
Total Shares	2,334,415,886	1,063,894,577
Total shareholders' equity	2,334,416,901	1,063,895,615
Non-controlling interest in consolidated subsidiary - related party	1,015	1,038

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Total Equity	2,334,417,916	1,063,896,653
Total liabilities and equity	\$ 2,335,925,208	\$ 1,064,540,025
Net asset value per share		
General shares	\$ 25.38	\$ 25.95
Shares	\$ 25.37	\$ 25.95

See accompanying notes to unaudited consolidated financial statements.

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PowerShares DB Agriculture Fund and Subsidiary

Unaudited Consolidated Schedule of Investments

June 30, 2009

Description	Percentage of Net Assets	Fair Value	Face Value
United States Treasury Obligations			
U.S. Treasury Bills, 0.075% due July 9, 2009	24.63%	\$ 574,989,075	\$ 575,000,000
U.S. Treasury Bills, 0.095% due July 16, 2009	8.01	186,991,585	187,000,000
U.S. Treasury Bills, 0.15% due July 23, 2009	7.79	181,886,722	181,900,000
U.S. Treasury Bills, 0.16% due July 30, 2009	7.41	172,978,202	173,000,000
U.S. Treasury Bills, 0.17% due August 6, 2009	3.68	85,987,530	86,000,000
U.S. Treasury Bills, 0.13% due August 13, 2009	11.74	273,946,844	274,000,000
U.S. Treasury Bills, 0.18% due August 20, 2009	5.87	136,970,134	137,000,000
U.S. Treasury Bills, 0.175% due August 27, 2009	4.71	109,975,250	110,000,000
U.S. Treasury Bills, 0.15% due September 3, 2009	3.17	73,980,908	74,000,000
U.S. Treasury Bills, 0.19% due September 10, 2009	7.49	174,943,125	175,000,000
U.S. Treasury Bills, 0.16% due September 17, 2009	12.46	290,885,346	291,000,000
U.S. Treasury Bills, 0.195% due September 24, 2009	3.81	88,963,243	89,000,000
Total United States Treasury Obligations (cost \$2,352,503,799)	100.77%	\$ 2,352,497,964	

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

Description	Percentage of Net Assets	Fair Value
Unrealized Appreciation/(Depreciation) on Futures Contracts		
Corn (13,499 contracts, settlement date December 14, 2009)	(2.38)%	\$ (55,488,875)
Corn (8,499 contracts, settlement date March 12, 2010)	(1.09)	(25,486,888)
Red Wheat (3,912 contracts, settlement date July 21, 2010)	(0.94)	(21,893,850)
Soybean (6,499 contracts, settlement date November 13, 2009)	0.10	2,296,750
Soybean (3,499 contracts, settlement date January 14, 2010)	0.46	10,687,775
Soybean Meal (2,045 contracts, settlement date December 14, 2009)	(0.20)	(4,648,070)
Soybean Oil (3,809 contracts, settlement date December 14, 2009)	(0.32)	(7,426,650)
Sugar (36,542 contracts, settlement date June 30, 2010)	1.66	38,672,581
Wheat KCB (1,499 contracts, settlement date December 14, 2009)	(0.14)	(3,227,587)
Wheat KCB (4,999 contracts, settlement date July 14, 2010)	(1.34)	(31,313,937)
Wheat (1,499 contracts, settlement date December 14, 2009)	(0.20)	(4,657,750)
Wheat (4,999 contracts, settlement date July 14, 2010)	(1.25)	(29,196,188)
Net Unrealized Depreciation on Futures Contracts	(5.64)%	\$ (131,682,689)

Net unrealized depreciation is comprised of unrealized losses of \$188,332,707 and unrealized gains of \$56,650,018.

See accompanying notes to unaudited consolidated financial statements.

Table of Contents**PowerShares DB Agriculture Fund and Subsidiary****Consolidated Schedule of Investments****December 31, 2008**

Description	Percentage of Net Assets	Fair Value	Face Value
United States Treasury Obligations			
U.S. Treasury Bills, 0.95% due January 15, 2009	14.29%	\$ 151,999,240	\$ 152,000,000
U.S. Treasury Bills, 0.65% due January 22, 2009	14.65	155,899,377	155,900,000
U.S. Treasury Bills, 0.03% due January 29, 2009	0.66	6,999,846	7,000,000
U.S. Treasury Bills, 0.53% due February 5, 2009	1.41	14,999,595	15,000,000
U.S. Treasury Bills, 0.355% due February 12, 2009	4.51	47,998,464	48,000,000
U.S. Treasury Bills, 0.14% due March 5, 2009	1.69	17,996,994	18,000,000
U.S. Treasury Bills, 0.005% due March 12, 2009	0.85	8,999,289	9,000,000
Total United States Treasury Obligations (cost \$404,869,788)	38.06%	\$ 404,892,805	

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

Description	Percentage of Net Assets	Fair Value
Unrealized Appreciation/(Depreciation) on Futures Contracts		
Corn (11,301 contracts, settlement date December 14, 2009)	(0.12)%	\$ (1,332,863)
Soybean (5,221 contracts, settlement date November 13, 2009)	0.56	5,973,613
Sugar (18,192 contracts, settlement date June 30, 2009)	(2.07)	(21,984,054)
Wheat (1,499 contracts, settlement date December 14, 2009)	0.32	3,361,900
Wheat (4,999 contracts, settlement date July 14, 2009)	(5.38)	(57,215,575)
Wheat KCB (2,275 contracts, settlement date July 14, 2009)	(0.19)	(2,005,288)
Net Unrealized Depreciation on Futures Contracts	(6.88)%	\$ (73,202,267)

See accompanying notes to unaudited consolidated financial statements.

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PowerShares DB Agriculture Fund and Subsidiary

Unaudited Consolidated Statements of Income and Expenses

For the Three Months Ended June 30, 2009 and 2008 and Six Months Ended June 30, 2009 and 2008

	Three Months Ended June 30, 2009	June 30, 2008	Six Months Ended June 30, 2009	June 30, 2008
Income				
Interest Income, net	\$ 764,053	\$ 10,142,641	\$ 1,100,816	\$ 25,222,748
Expenses				
Management Fee	3,832,287	4,950,721	6,036,018	9,093,445
Brokerage Commissions and Fees	577,554	556,154	827,683	1,079,935
Total Expenses	4,409,841	5,506,875	6,863,701	10,173,380
Net investment income (loss)	(3,645,788)	4,635,766	(5,762,885)	15,049,368
Net Realized and Net Change in Unrealized Gain (Loss) on United States Treasury Obligations and Futures				
Net Realized Gain (Loss) on				
United States Treasury Obligations	64	95,799	(4,933)	1,210,751
Futures	25,674,036	(56,293,752)	19,909,983	(67,563,241)
Net realized gain (loss)	25,674,100	(56,197,953)	19,905,050	(66,352,490)
Net Change in Unrealized Gain (Loss) on				
United States Treasury Obligations	(31,009)	(1,185,128)	(28,852)	90,112
Futures	4,244,841	332,492,509	(58,480,422)	406,821,804
Net change in unrealized gain (loss)	4,213,832	331,307,381	(58,509,274)	406,911,916
Net realized and net change in unrealized gain (loss) on United States Treasury Obligations and Futures	29,887,932	275,109,428	(38,604,224)	340,559,426
Net Income (Loss)	\$ 26,242,144	\$ 279,745,194	\$ (44,367,109)	\$ 355,608,794
Less: net (income) loss attributed to the non-controlling interest in consolidated subsidiary - related party	(38)	(175)	23	(634)
Net Income (Loss) Attributable to PowerShares DB Agriculture Fund and Subsidiary	\$ 26,242,106	\$ 279,745,019	\$ (44,367,086)	\$ 355,608,160

See accompanying notes to unaudited consolidated financial statements.

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PowerShares DB Agriculture Fund and Subsidiary

Unaudited Consolidated Statement of Changes in Shareholders' Equity

For the Three Months Ended June 30, 2009

	General Shares				Shares				Total Shareholders' Equity	Non-controlling Interest	Total Equity
	Shares	Paid in Capital	Accumulated Earnings (Deficit)	Total Equity	Shares	Paid in Capital	Accumulated Earnings (Deficit)	Total Equity			
Balance at April 1, 2009	40	\$ 1,000	\$ (23)	\$ 977	67,800,000	\$ 2,054,441,830	\$ (398,518,200)	\$ 1,655,923,630	\$ 1,655,924,607	\$ 977	\$ 1,655,925,584
Sale of Shares					26,800,000	717,134,822		717,134,822	717,134,822		717,134,822
Redemption of Shares					(2,600,000)	(64,884,634)		(64,884,634)	(64,884,634)		(64,884,634)
Net Income:											
Net investment loss			(2)	(2)			(3,645,784)	(3,645,784)	(3,645,786)	(2)	(3,645,788)
Net realized gain on United States Treasury Obligations and Futures			12	12			25,674,076	25,674,076	25,674,088	12	25,674,100
Net change in unrealized gain on United States Treasury Obligations and Futures			28	28			4,213,776	4,213,776	4,213,804	28	4,213,832
Net Income			38	38			26,242,068	26,242,068	26,242,106	38	26,242,144
Balance at June 30, 2009	40	\$ 1,000	\$ 15	\$ 1,015	92,000,000	\$ 2,706,692,018	\$ (372,276,132)	\$ 2,334,415,886	\$ 2,334,416,901	\$ 1,015	\$ 2,334,417,916

See accompanying notes to unaudited consolidated financial statements.

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PowerShares DB Agriculture Fund and Subsidiary

Unaudited Consolidated Statement of Changes in Shareholders' Equity

For the Three Months Ended June 30, 2008

	General Shares				Shares			Total Shareholders' Equity	Total Shareholders' Equity	Non-controlling Interest	Total Equity
	Shares	Paid in Capital	Accumulated Earnings	Shareholders' Equity	Shares	Paid in Capital	Accumulated Earnings				
Balance at April 1, 2008	40	\$ 1,000	\$ 459	\$ 1,459	65,400,000	\$ 2,148,040,502	\$ 238,043,167	\$ 2,386,083,669	\$ 2,386,085,128	\$ 1,459	\$ 2,386,086,587
Sale of Shares					12,200,000	468,697,028		468,697,028	468,697,028		468,697,028
Redemption of Shares					(11,400,000)	(431,039,990)		(431,039,990)	(431,039,990)		(431,039,990)
Net Income:											
Net investment income			3	3			4,635,760	4,635,760	4,635,763	3	4,635,766
Net realized loss on United States Treasury Obligations and Futures			(32)	(32)			(56,197,889)	(56,197,889)	(56,197,921)	(32)	(56,197,953)
Net change in unrealized gain on United States Treasury Obligations and Futures			204	204			331,306,973	331,306,973	331,307,177	204	331,307,381
Net Income			175	175			279,744,844	279,744,844	279,745,019	175	279,745,194
Balance at June 30, 2008	40	\$ 1,000	\$ 634	\$ 1,634	66,200,000	\$ 2,185,697,540	\$ 517,788,011	\$ 2,703,485,551	\$ 2,703,487,185	\$ 1,634	\$ 2,703,488,819

See accompanying notes to unaudited consolidated financial statements.

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PowerShares DB Agriculture Fund and Subsidiary

Unaudited Consolidated Statement of Changes in Shareholders' Equity

For the Six Months Ended June 30, 2009

	General Shares				Shares			Total Equity	Total Shareholders' Equity	Non- controlling Interest	Total Equity
	Shares	Paid in Capital	Accumulated Earnings (Deficit)	Total Equity	Shares	Paid in Capital	Accumulated Earnings (Deficit)				
Balance at January 1, 2009	40	\$ 1,000	\$ 38	\$ 1,038	41,000,000	\$ 1,391,803,646	\$ (327,909,069)	\$ 1,063,894,577	\$ 1,063,895,615	\$ 1,038	\$ 1,063,896,653
Sale of Shares					54,200,000	1,393,701,296		1,393,701,296	1,393,701,296		1,393,701,296
Redemption of Shares					(3,200,000)	(78,812,924)		(78,812,924)	(78,812,924)		(78,812,924)
Net Loss:											
Net investment loss			(4)	(4)			(5,762,877)	(5,762,877)	(5,762,881)	(4)	(5,762,885)
Net realized gain on United States Treasury Obligations and Futures			7	7			19,905,036	19,905,036	19,905,043	7	19,905,050
Net change in unrealized loss on United States Treasury Obligations and Futures			(26)	(26)			(58,509,222)	(58,509,222)	(58,509,248)	(26)	(58,509,274)
Net Loss			(23)	(23)			(44,367,063)	(44,367,063)	(44,367,086)	(23)	(44,367,109)
Balance at June 30, 2009	40	\$ 1,000	\$ 15	\$ 1,015	92,000,000	\$ 2,706,692,018	\$ (372,276,132)	\$ 2,334,415,886	\$ 2,334,416,901	\$ 1,015	\$ 2,334,417,916

See accompanying notes to unaudited consolidated financial statements.

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PowerShares DB Agriculture Fund and Subsidiary

Unaudited Consolidated Statement of Changes in Shareholders' Equity

For the Six Months Ended June 30, 2008

	General Shares				Shares				
	Accumulated Shareholders			Total	Paid in Accumulated			Total	Non-
	Shares	Paid in Capital	Earnings	Equity	Shares	Capital	Earnings	Equity	Interest
Balance at January 1, 2008	40	\$ 1,000	\$ 313	\$ 1,313					