

DB Multi-Sector Commodity Master Trust
Form 10-Q
August 05, 2010
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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, 2010

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)

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(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.)

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

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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, 2010: 77,000,000 Shares.

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POWERSHARES DB AGRICULTURE FUND

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

QUARTER ENDED JUNE 30, 2010

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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, 2010 (unaudited) and December 31, 2009*

	June 30, 2010	December 31, 2009
Assets		
Equity in broker trading accounts:		
United States Treasury Obligations, at fair value (cost \$1,769,721,165 and \$2,246,775,677, respectively)	\$ 1,769,684,134	\$ 2,246,810,796
Cash held by broker	91,562,954	241,997,015
Net unrealized appreciation (depreciation) on futures contracts	(5,031,728)	28,799,279
Deposits with broker	1,856,215,360	2,517,607,090
Total assets	\$ 1,856,215,360	\$ 2,517,607,090
Liabilities		
Payable to broker	\$	\$ 325,628
Payable for securities purchased	7,996,967	
Management fee payable	1,303,654	1,569,426
Brokerage fee payable	24,092	10,197
Total liabilities	9,324,713	1,905,251
Commitments and Contingencies (Note 9)		
Equity		
Shareholders' equity		
General shares:		
Paid in capital 40 shares issued and outstanding as of June 30, 2010 and December 31, 2009, respectively	1,000	1,000
Accumulated earnings (deficit)	(41)	57
Total General shares	959	1,057
Shares:		
Paid in capital 77,000,000 and 95,200,000 redeemable Shares issued and outstanding as of June 30, 2010 and December 31, 2009, respectively	2,373,639,552	2,798,734,352
Accumulated deficit	(526,750,823)	(283,034,627)
Total Shares	1,846,888,729	2,515,699,725
Total shareholders' equity	1,846,889,688	2,515,700,782

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Non-controlling interest in consolidated subsidiary related party	959	1,057
Total equity	1,846,890,647	2,515,701,839
Total liabilities and equity	\$ 1,856,215,360	\$ 2,517,607,090
Net asset value per share		
General shares	\$ 23.98	\$ 26.43
Shares	\$ 23.99	\$ 26.43

See accompanying notes to unaudited consolidated financial statements.

Table of Contents*PowerShares DB Agriculture Fund and Subsidiary**Unaudited Consolidated Schedule of Investments**June 30, 2010*

Description	Percentage of Net Assets	Fair Value	Face Value
United States Treasury Obligations			
U.S. Treasury Bills, 0.13% due July 1, 2010	0.43%	\$ 8,000,000	\$ 8,000,000
U.S. Treasury Bills, 0.09% due July 8, 2010	34.76	641,991,013	642,000,000
U.S. Treasury Bills, 0.03% due July 15, 2010	6.98	128,994,969	129,000,000
U.S. Treasury Bills, 0.085% due July 22, 2010	5.08	93,892,770	93,900,000
U.S. Treasury Bills, 0.15% due July 29, 2010	10.18	187,975,560	188,000,000
U.S. Treasury Bills, 0.095% due August 5, 2010	8.82	162,974,246	163,000,000
U.S. Treasury Bills, 0.09% due August 12, 2010	9.80	180,965,248	181,000,000
U.S. Treasury Bills, 0.12% due August 19, 2010	4.76	87,980,200	88,000,000
U.S. Treasury Bills, 0.18% due August 26, 2010	1.19	21,994,104	22,000,000
U.S. Treasury Bills, 0.16% due September 2, 2010	0.87	15,995,600	16,000,000
U.S. Treasury Bills, 0.13% due September 9, 2010	1.35	24,992,475	25,000,000
U.S. Treasury Bills, 0.065% due September 16, 2010	10.99	202,932,604	203,000,000
U.S. Treasury Bills, 0.115% due September 23, 2010	0.16	2,998,881	3,000,000
U.S. Treasury Bills, 0.16% due September 30, 2010	0.43	7,996,464	8,000,000
Total United States Treasury Obligations (cost \$1,769,721,165)	95.80%	1,769,684,134	

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		
Feeder Cattle (1,599 contracts, settlement date August 26, 2010)	(0.02)%	\$ (378,063)
Feeder Cattle (49 contracts, settlement date September 30, 2010)	0.00	(89,450)
Cocoa (6,651 contracts, settlement date September 15, 2010)	(0.21)	(3,820,290)
Coffee (3,946 contracts, settlement date September 20, 2010)	2.41	44,477,775
Corn (6,523 contracts, settlement date December 14, 2010)	(0.93)	(17,290,375)
Corn (4,107 contracts, settlement date March 14, 2011)	(0.17)	(3,182,350)
Cotton (1,517 contracts, settlement date December 8, 2010)	0.01	259,755
Lean Hogs (4,099 contracts, settlement date August 13, 2010)	(0.17)	(3,197,240)
Lean Hogs (1,392 contracts, settlement date October 14, 2010)	0.11	2,014,780
Live Cattle (5,399 contracts, settlement date August 31, 2010)	(0.29)	(5,290,960)
Live Cattle (1,650 contracts, settlement date October 29, 2010)	(0.18)	(3,414,520)
Red Wheat (1,382 contracts, settlement date July 14, 2011)	0.03	463,588
Soybeans (3,140 contracts, settlement date November 12, 2010)	(0.17)	(3,077,463)
Soybeans (1,670 contracts, settlement date January 14, 2011)	(0.61)	(11,206,800)
Soybean Meal (346 contracts, settlement date December 14, 2010)	0.01	245,660
Soybean Oil (470 contracts, settlement date December 14, 2010)	(0.01)	(112,800)
Sugar (9,847 contracts, settlement date June 30, 2011)	(0.12)	(2,237,088)
Wheat (478 contracts, settlement date December 14, 2010)	(0.11)	(1,990,487)
Wheat (1,593 contracts, settlement date July 14, 2011)	0.05	929,975
Wheat KCB (3,815 contracts, settlement date July 14, 2011)	0.10	1,864,625

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Net Unrealized Depreciation on Futures Contracts	(0.27)%	\$ (5,031,728)
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Net unrealized depreciation is comprised of unrealized losses of \$57,010,056 and unrealized gains of \$51,978,328.

See accompanying notes to unaudited consolidated financial statements.

Table of Contents*PowerShares DB Agriculture Fund and Subsidiary**Consolidated Schedule of Investments**December 31, 2009*

Description	Percentage of Net Assets	Fair Value	Face Value
United States Treasury Obligations			
U.S. Treasury Bills, 0.07% due January 7, 2010	22.50%	\$ 565,999,434	\$ 566,000,000
U.S. Treasury Bills, 0.07% due January 14, 2010	5.13	128,999,226	129,000,000
U.S. Treasury Bills, 0.005% due January 21, 2010	4.49	112,898,532	112,900,000
U.S. Treasury Bills, 0.01% due January 28, 2010	7.87	197,995,842	198,000,000
U.S. Treasury Bills, 0.025% due February 4, 2010	5.24	131,996,040	132,000,000
U.S. Treasury Bills, 0.065% due February 11, 2010	10.33	259,990,380	260,000,000
U.S. Treasury Bills, 0.065% due February 18, 2010	5.05	126,996,063	127,000,000
U.S. Treasury Bills, 0.04% due February 25, 2010	4.53	113,993,046	114,000,000
U.S. Treasury Bills, 0.06% due March 4, 2010	2.19	54,995,930	55,000,000
U.S. Treasury Bills, 0.05% due March 11, 2010	6.76	169,986,060	170,000,000
U.S. Treasury Bills, 0.04% due March 18, 2010	12.40	311,968,488	312,000,000
U.S. Treasury Bills, 0.07% due March 25, 2010	1.99	49,994,800	50,000,000
U.S. Treasury Bills, 0.11% due April 1, 2010	0.83	20,996,955	21,000,000
Total United States Treasury Obligations (cost \$2,246,775,677)	89.31%	2,246,810,796	

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		
Feeder Cattle (1,599 contracts, settlement date March 25, 2010)	0.05%	\$ 1,344,587
Feeder Cattle (510 contracts, settlement date April 29, 2010)	0.03	624,337
Cocoa (8,460 contracts, settlement date March 16, 2010)	0.02	459,760
Coffee (5,065 contracts, settlement date March 19, 2010)	(0.57)	(14,242,950)
Corn (4,760 contracts, settlement date March 12, 2010)	(0.18)	(4,610,213)
Corn (7,561 contracts, settlement date December 14, 2010)	0.18	4,490,125
Cotton (1,903 contracts, settlement date March 9, 2010)	0.17	4,246,025
Lean Hogs (4,099 contracts, settlement date February 12, 2010)	0.16	4,082,450
Lean Hogs (3,696 contracts, settlement date April 15, 2010)	0.10	2,604,310
Live Cattle (5,399 contracts, settlement date February 26, 2010)	(0.08)	(1,933,690)
Live Cattle (3,311 contracts, settlement date April 30, 2010)	0.04	959,150
Mill Wheat (761 contracts, settlement date March 10, 2010)	0.00	30,166
Red Wheat (1,945 contracts, settlement date July 14, 2010)	(0.22)	(5,649,550)
Red Wheat (583 contracts, settlement date December 14, 2010)	(0.02)	(415,987)
Soybeans (3,640 contracts, settlement date November 12, 2010)	0.68	17,085,525
Soybeans (1,960 contracts, settlement date January 14, 2011)	(0.12)	(2,901,025)
Soybean Meal (1,553 contracts, settlement date December 14, 2010)	(0.06)	(1,412,080)
Soybean Oil (1,276 contracts, settlement date December 14, 2010)	0.01	194,664
Sugar (13,697 contracts, settlement date June 30, 2010)	3.09	77,700,862
Wheat (1,945 contracts, settlement date July 14, 2010)	(0.55)	(13,848,362)
Wheat (583 contracts, settlement date December 14, 2010)	0.01	320,375
Wheat KCB (4,999 contracts, settlement date July 14, 2010)	(1.59)	(40,016,300)

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Wheat KCB (420 contracts, settlement date December 14, 2010)	(0.01)	(312,900)
Net Unrealized Appreciation on Futures Contracts	1.14%	\$ 28,799,279

Net unrealized appreciation is comprised of unrealized gains of \$116,774,303 and unrealized losses of \$87,975,024.

See accompanying notes to unaudited consolidated financial statements.

Table of Contents*PowerShares DB Agriculture Fund and Subsidiary**Unaudited Consolidated Statements of Income and Expenses**For the Three Months Ended June 30, 2010 and 2009 and Six Months Ended June 30, 2010 and 2009*

	Three Months Ended		Six Months Ended	
	June 30, 2010	June 30, 2009	June 30, 2010	June 30, 2009
Income				
Interest Income, net	\$ 720,449	\$ 764,053	\$ 1,093,066	\$ 1,100,816
Expenses				
Management Fee	4,469,048	3,832,287	9,704,715	6,036,018
Brokerage Commissions and Fees	664,231	577,554	1,116,662	827,683
Total Expenses	5,133,279	4,409,841	10,821,377	6,863,701
Net investment loss	(4,412,830)	(3,645,788)	(9,728,311)	(5,762,885)
Net Realized and Net Change in Unrealized Gain (Loss) on United States Treasury Obligations, Futures and Foreign Currency Translations				
Net Realized Gain (Loss) on				
United States Treasury Obligations	2,873	64	3,771	(4,933)
Futures	(158,526,406)	25,674,036	(199,967,899)	19,909,983
Foreign Currency Translation	(27,569)		(91,050)	
Net realized gain (loss)	(158,551,102)	25,674,100	(200,055,178)	19,905,050
Net Change in Unrealized Gain (Loss) on				
United States Treasury Obligations	27,546	(31,009)	(72,150)	(28,852)
Futures	139,236,127	4,244,841	(33,831,007)	(58,480,422)
Foreign Currency Translations	(29,963)		(29,746)	
Net change in unrealized gain (loss)	139,233,710	4,213,832	(33,932,903)	(58,509,274)
Net realized and net change in unrealized gain (loss) on United States Treasury Obligations, Futures and Foreign Currency Translation	(19,317,392)	29,887,932	(233,988,081)	(38,604,224)
Net Income (Loss)	\$ (23,730,222)	\$ 26,242,144	\$ (243,716,392)	\$ (44,367,109)
Less: net (income) loss attributed to the non-controlling interest in consolidated subsidiary - related party	10	(38)	98	23
Net Income (Loss) Attributable to PowerShares DB Agriculture Fund and Subsidiary	\$ (23,730,212)	\$ 26,242,106	\$ (243,716,294)	\$ (44,367,086)

See accompanying notes to unaudited consolidated financial statements.

Table of Contents*PowerShares DB Agriculture Fund and Subsidiary**Unaudited Consolidated Statement of Changes in Shareholders' Equity**For the Three Months Ended June 30, 2010*

	General Shares				Shares			Total Shareholder 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, 2010	40	\$ 1,000	\$ (31)	\$ 969	96,200,000	\$ 2,834,202,662	\$ (503,020,621)	\$ 2,331,182,041	\$ 2,331,183,010	\$ 969	\$ 2,331,183,979
Sale of Shares					200,000	4,896,106		4,896,106	4,896,106		4,896,106
Redemption of Shares					(19,400,000)	(465,459,216)		(465,459,216)	(465,459,216)		(465,459,216)
Net Loss											
Net investment loss			(1)	(1)			(4,412,828)	(4,412,828)	(4,412,829)	(1)	(4,412,830)
Net realized loss on United States Treasury Obligations, Futures and Foreign Currency Translation			(81)	(81)			(158,550,940)	(158,550,940)	(158,551,021)	(81)	(158,551,102)
Net change in unrealized gain on United States Treasury Obligations, Futures and Foreign Currency Translation			72	72			139,233,566	139,233,566	139,233,638	72	139,233,710
Net Loss			(10)	(10)			(23,730,202)	(23,730,202)	(23,730,212)	(10)	(23,730,222)
Balance at June 30, 2010	40	\$ 1,000	\$ (41)	\$ 959	77,000,000	\$ 2,373,639,552	\$ (526,750,823)	\$ 1,846,888,729	\$ 1,846,889,688	\$ 959	\$ 1,846,890,647

See accompanying notes to unaudited consolidated financial statements.

Table of Contents*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