

PowerShares DB Multi-Sector Commodity Trust
Form 10-Q
November 07, 2011
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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 September 30, 2011

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)

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 September 30, 2011: 85,400,000 Shares.

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POWERSHARES DB AGRICULTURE FUND

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

QUARTER ENDED SEPTEMBER 30, 2011

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Exhibit 101 Interactive data file pursuant to Rule 405 of Regulation S-T: (i) the Statements of Financial Condition - September 30, 2011 (unaudited) and December 31, 2010, (ii) the Unaudited Schedule of Investments - September 30, 2011, (iii) the Schedule of Investments - December 31, 2010, (iv) the Unaudited Statements of Income and Expenses - Three Months Ended September 30, 2011 and 2010 and Nine Months Ended September 30, 2011 and 2010, (v) the Unaudited Statements of Changes in Shareholders' Equity - Three Months Ended September 30, 2011, (vi) the Unaudited Statements of Changes in Shareholders' Equity - Three Months Ended September 30, 2010, (vii) the Unaudited Statements of Changes in Shareholders' Equity - Nine Months Ended September 30, 2011, (viii) the Unaudited Statements of Changes in Shareholders' Equity - Nine Months Ended September 30, 2010, (ix) the Unaudited Statements of Cash Flows - Nine Months Ended September 30, 2011 and 2010, and (x) Notes to Unaudited Financial Statements.	

Table of Contents**PART I. FINANCIAL INFORMATION****ITEM 1. FINANCIAL STATEMENTS.***PowerShares DB Agriculture Fund**Statements of Financial Condition**September 30, 2011 (unaudited) and December 31, 2010*

	September 30, 2011	December 31, 2010
Assets		
Equity in broker trading accounts:		
United States Treasury Obligations, at fair value (cost \$2,461,809,911 and \$2,386,667,824 respectively)	\$ 2,461,875,689	\$ 2,386,743,778
Cash held by broker	196,748,360	
Net unrealized appreciation (depreciation) on futures contracts	(100,172,721)	370,363,896
Deposits with broker	2,558,451,328	2,757,107,674
Receivable for securities sold	48,000,000	
Total assets	\$ 2,606,451,328	\$ 2,757,107,674
Liabilities		
Payable to broker	\$	\$ 42,559,235
Payable for shares redeemed	47,893,904	
Management fee payable	2,067,909	1,833,438
Brokerage fee payable	3,408	5,793
Total liabilities	49,965,221	44,398,466
Commitments and Contingencies (Note 9)		
Equity		
Shareholders' equity		
General shares:		
Paid in capital 40 shares issued and outstanding as of September 30, 2011 and December 31, 2010, respectively	1,000	1,000
Accumulated earnings (deficit)	198	295
Total General shares	1,198	1,295
Shares:		
Paid in capital 85,400,000 and 83,800,000 redeemable Shares issued and outstanding as of September 30, 2011 and December 31, 2010, respectively	2,713,776,810	2,601,330,830
Accumulated earnings (deficit)	(157,291,901)	111,377,083
Total Shares	2,556,484,909	2,712,707,913

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Total shareholders' equity	2,556,486,107	2,712,709,208
Total liabilities and equity	\$ 2,606,451,328	\$ 2,757,107,674
Net asset value per share		
General shares	\$ 29.95	\$ 32.38
Shares	\$ 29.93	\$ 32.37

See accompanying notes to unaudited financial statements.

Table of Contents**PowerShares DB Agriculture Fund****Unaudited Schedule of Investments****September 30, 2011**

Description	Percentage of Net Assets	Fair Value	Face Value
United States Treasury Obligations			
U.S. Treasury Bills, 0.02% due October 6, 2011	21.87%	\$ 558,999,441	\$ 559,000,000
U.S. Treasury Bills, 0.025% due October 13, 2011	6.73	171,999,484	172,000,000
U.S. Treasury Bills, 0.015% due October 20, 2011	0.15	3,899,977	3,900,000
U.S. Treasury Bills, 0.055% due October 27, 2011	12.44	317,997,456	318,000,000
U.S. Treasury Bills, 0.115% due November 3, 2011	17.99	459,994,940	460,000,000
U.S. Treasury Bills, 0.045% due November 10, 2011	7.86	200,997,990	201,000,000
U.S. Treasury Bills, 0.035% due November 17, 2011	4.15	105,998,622	106,000,000
U.S. Treasury Bills, 0.015% due November 25, 2011	7.08	180,996,742	181,000,000
U.S. Treasury Bills, 0.015% due December 1, 2011	6.92	176,997,168	177,000,000
U.S. Treasury Bills, 0.03% due December 8, 2011	5.75	146,997,501	147,000,000
U.S. Treasury Bills, 0.01% due December 15, 2011	4.30	109,997,250	110,000,000
U.S. Treasury Bills, 0.01% due December 22, 2011	0.35	8,999,748	9,000,000
U.S. Treasury Bills, 0.02% due December 29, 2011	0.71	17,999,370	18,000,000
Total United States Treasury Obligations (cost \$2,461,809,911)	96.30%	\$ 2,461,875,689	

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		
Cocoa (9,977 contracts, settlement date December 14, 2011)	(1.37)%	\$ (35,138,470)
Coffee (3,496 contracts, settlement date December 19, 2011)	(0.80)	(20,479,893)
Corn (7,095 contracts, settlement date December 14, 2011)	0.50	12,790,800
Corn (4,467 contracts, settlement date March 14, 2012)	(0.04)	(1,027,138)
Cotton (1,259 contracts, settlement date December 07, 2011)	(0.79)	(20,144,264)
Feeder Cattle (1,599 contracts, settlement date November 17, 2011)	0.23	5,828,300
Feeder Cattle (189 contracts, settlement date January 26, 2012)	0.03	741,825
Lean Hogs (4,099 contracts, settlement date December 14, 2011)	0.09	2,392,160
Lean Hogs (2,429 contracts, settlement date February 14, 2012)	0.11	2,890,210
Live Cattle (5,399 contracts, settlement date December 30, 2011)	0.22	5,679,520
Live Cattle (1,571 contracts, settlement date February 29, 2012)	0.05	1,373,470
Red Wheat (870 contracts, settlement date July 13, 2012)	(0.15)	(3,754,763)
Soybean Meal (98 contracts, settlement date December 14, 2011)	(0.02)	(623,640)
Soybean Oil (164 contracts, settlement date December 14, 2011)	(0.03)	(812,844)
Soybeans (3,416 contracts, settlement date November 14, 2011)	0.51	13,050,650
Soybeans (1,839 contracts, settlement date January 13, 2012)	(0.16)	(3,995,575)
Sugar (11,499 contracts, settlement date June 29, 2012)	0.22	5,565,907
Wheat (534 contracts, settlement date December 14, 2011)	(0.24)	(6,113,838)
Wheat (1,782 contracts, settlement date July 13, 2012)	(0.79)	(20,365,463)
Wheat KCB (3,733 contracts, settlement date July 13, 2012)	(1.49)	(38,029,675)
Net Unrealized Depreciation on Futures Contracts	(3.92)%	\$ (100,172,721)

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Net unrealized depreciation is comprised of unrealized losses of \$159,764,466 and unrealized gains of \$59,591,745.

See accompanying notes to unaudited financial statements.

Table of Contents**PowerShares DB Agriculture Fund****Schedule of Investments****December 31, 2010**

Description	Percentage of Net Assets	Fair Value	Face Value
United States Treasury Obligations			
U.S. Treasury Bills, 0.08% due January 6, 2011	28.16%	\$ 763,998,472	\$ 764,000,000
U.S. Treasury Bills, 0.085% due January 13, 2011	4.17	112,998,983	113,000,000
U.S. Treasury Bills, 0.07% due January 20, 2011	3.09	83,898,322	83,900,000
U.S. Treasury Bills, 0.065% due January 27, 2011	13.01	352,986,939	353,000,000
U.S. Treasury Bills, 0.125% due February 3, 2011	14.12	382,971,275	383,000,000
U.S. Treasury Bills, 0.125% due February 10, 2011	9.47	256,975,071	257,000,000
U.S. Treasury Bills, 0.13% due February 17, 2011	2.87	77,989,236	78,000,000
U.S. Treasury Bills, 0.12% due February 24, 2011	3.91	105,982,828	106,000,000
U.S. Treasury Bills, 0.175% due March 3, 2011	1.70	45,990,800	46,000,000
U.S. Treasury Bills, 0.145% due March 10, 2011	2.25	60,986,580	61,000,000
U.S. Treasury Bills, 0.14% due March 17, 2011	3.61	97,978,146	98,000,000
U.S. Treasury Bills, 0.13% due March 24, 2011	0.33	8,997,696	9,000,000
U.S. Treasury Bills, 0.18% due March 31, 2011	1.29	34,989,430	35,000,000
Total United States Treasury Obligations (cost \$2,386,667,824)	87.98%	\$ 2,386,743,778	

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 on Futures Contracts		
Feeder Cattle (1,599 contracts, settlement date March 31, 2011)	0.16%	\$ 4,270,313
Feeder Cattle (291 contracts, settlement date April 21, 2011)	0.02	640,600
Cocoa (10,034 contracts, settlement date March 16, 2011)	0.77	21,015,810
Coffee (3,592 contracts, settlement date March 21, 2011)	1.66	45,019,444
Corn (3,964 contracts, settlement date March 14, 2011)	1.28	34,800,787
Corn (7,092 contracts, settlement date December 14, 2011)	0.17	4,594,000
Cotton (1,002 contracts, settlement date March 9, 2011)	0.14	3,855,495
Lean Hogs (4,099 contracts, settlement date February 14, 2011)	0.29	7,832,820
Lean Hogs (2,926 contracts, settlement date April 14, 2011)	0.19	5,155,170
Live Cattle (5,399 contracts, settlement date February 28, 2011)	0.55	14,884,290
Live Cattle (2,316 contracts, settlement date April 29, 2011)	0.18	4,759,920
Red Wheat (1,496 contracts, settlement date July 14, 2011)	0.25	6,855,650
Soybeans (3,415 contracts, settlement date November 14, 2011)	1.53	41,628,862
Soybeans (1,834 contracts, settlement date January 13, 2012)	0.33	8,943,862
Sugar (10,859 contracts, settlement date June 30, 2011)	3.47	94,006,797
Wheat (1,781 contracts, settlement date July 14, 2011)	0.81	21,894,975
Wheat (534 contracts, settlement date December 14, 2011)	0.03	899,063
Wheat KCB (3,871 contracts, settlement date July 14, 2011)	1.82	49,306,038

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Net Unrealized Appreciation on Futures Contracts	13.65%	\$ 370,363,896
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Net unrealized appreciation is comprised of unrealized gains of \$371,840,229 and unrealized losses of \$1,476,333.

See accompanying notes to unaudited financial statements.

Table of Contents**PowerShares DB Agriculture Fund****Unaudited Statements of Income and Expenses****For the Three Months Ended September 30, 2011 and 2010 and Nine Months Ended September 30, 2011 and 2010**

	Three Months Ended		Nine Months Ended	
	September 30, 2011	September 30, 2010	September 30, 2011	September 30, 2010
Income				
Interest Income	\$ 303,911	\$ 635,580	\$ 2,004,164	\$ 1,728,646
Expenses				
Management Fee	6,422,717	4,205,119	20,990,965	13,909,834
Brokerage Commissions and Fees	408,982	296,552	1,782,401	1,413,214
Total Expenses	6,831,699	4,501,671	22,773,366	15,323,048
Net investment income (loss)	(6,527,788)	(3,866,091)	(20,769,202)	(13,594,402)
Net Realized and Net Change in Unrealized Gain (Loss) on United States Treasury Obligations, Futures and Foreign Currency Translation				
Net Realized Gain (Loss) on				
United States Treasury Obligations	12,849	962	62,390	4,733
Futures	(68,820,001)	63,954,648	222,584,524	(136,013,251)
Foreign Currency Translation		116,166		25,116
Net realized gain (loss)	(68,807,152)	64,071,776	222,646,914	(135,983,402)
Net Change in Unrealized Gain (Loss) on				
United States Treasury Obligations	(34,449)	57,152	(10,176)	(14,998)
Futures	(118,873,643)	202,054,828	(470,536,617)	168,223,821
Foreign Currency Translation		29,746		
Net change in unrealized gain (loss)	(118,908,092)	202,141,726	(470,546,793)	168,208,823
Net realized and net change in unrealized gain (loss) on United States Treasury Obligations, Futures and Foreign Currency Translation				
	(187,715,244)	266,213,502	(247,899,879)	32,225,421
Net Income (Loss)	\$ (194,243,032)	\$ 262,347,411	\$ (268,669,081)	\$ 18,631,019
Less: net (income) loss attributed to the non-controlling interest in subsidiary - related party		(139)		(41)
Net Income (Loss) Attributable to PowerShares DB Agriculture Fund	\$ (194,243,032)	\$ 262,347,272	\$ (268,669,081)	\$ 18,630,978

See accompanying notes to unaudited financial statements.

Table of Contents*PowerShares DB Agriculture Fund**Unaudited Statement of Changes in Shareholders' Equity**For the Three Months Ended September 30, 2011*

	General Shares Accumulated			Total Equity	Shares	Shares Accumulated		Total Equity	Total Shareholders Equity
	Shares	Paid in Capital	Earnings (Deficit)			Paid in Capital	Earnings (Deficit)		
Balance at July 1, 2011	40	\$ 1,000	\$ 280	\$ 1,280	96,000,000	\$ 3,035,280,044	\$ 36,951,049	\$ 3,072,231,093	\$ 3,072,232,373
Sale of Shares					6,200,000	207,639,784		207,639,784	207,639,784
Redemption of Shares					(16,800,000)	(529,143,018)		(529,143,018)	(529,143,018)
Net Income (Loss)									
Net investment income (loss)			(23)	(23)			(6,527,765)	(6,527,765)	(6,527,788)
Net realized gain (loss) on United States Treasury Obligations and Futures			(9)	(9)			(68,807,143)	(68,807,143)	(68,807,152)
Net change in unrealized gain (loss) on United States Treasury Obligations and Futures			(50)	(50)			(118,908,042)	(118,908,042)	(118,908,092)
Net Income (Loss)			(82)	(82)			(194,242,950)	(194,242,950)	(194,243,032)
Balance at September 30, 2011	40	\$ 1,000	\$ 198	\$ 1,198	85,400,000	\$ 2,713,776,810	\$ (157,291,901)	\$ 2,556,484,909	\$ 2,556,486,107

See accompanying notes to unaudited financial statements

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

	General Shares				Shares			Total			
	Shares	Paid Capital	Accumulated in Earnings (Deficit)	Total Equity	Shares	Paid in Capital	Accumulated Earnings (Deficit)	Total Equity	Shareholder Equity	Non-controlling Interest	Total Equity
Balance at July 1, 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
Sale of Shares					1,600,000	41,840,574		41,840,574	41,840,574		41,840,574
Redemption of Shares					(3,800,000)	(97,281,286)		(97,281,286)	(97,281,286)		(97,281,286)
Net Income (Loss)											
Net investment income (loss)			(2)	(2)			(3,866,087)	(3,866,087)	(3,866,089)	(2)	(3,866,091)
Net realized gain (loss) on United States Treasury Obligations and Futures			34	34			64,071,708	64,071,708	64,071,742	34	64,071,776
Net change in unrealized gain (loss) on United States Treasury Obligations and Futures			107	107			202,141,512	202,141,512	202,141,619	107	202,141,726
Net Income (Loss)			139	139			262,347,133	262,347,133	262,347,272	139	262,347,411
Balance at September 30, 2010	40	\$ 1,000	\$ 98	\$ 1,098	74,800,000	\$ 2,318,198,840	\$ (264,403,690)	\$ 2,053,795,150	\$ 2,053,796,248	\$ 1,098	\$ 2,053,797,346

See accompanying notes to unaudited financial statements.

Table of Contents*PowerShares DB Agriculture Fund**Unaudited Statement of Changes in Shareholders' Equity**For the Nine Months Ended September 30, 2011*

	General Shares				Shares				Total Shareholders Equity
	Shares	Paid in Capital	Accumulated Earnings (Deficit)	Total Equity	Shares	Paid in Capital	Accumulated Earnings (Deficit)	Total Equity	
Balance at January 1, 2011	40	\$ 1,000	\$ 295	\$ 1,295	83,800,000	\$ 2,601,330,830	\$ 111,377,083	\$ 2,712,707,913	\$ 2,712,709,208
Sale of Shares					55,600,000	1,889,658,574		1,889,658,574	1,889,658,574
Redemption of Shares					(54,000,000)	(1,777,212,594)		(1,777,212,594)	(1,777,212,594)
Net Income (Loss)									
Net investment income (loss)			(27)	(27)			(20,769,175)	(20,769,175)	(20,769,202)
Net realized gain (loss) on United States Treasury Obligations and Futures			121	121			222,646,793	222,646,793	222,646,914
Net change in unrealized gain (loss) on United States Treasury Obligations and Futures			(191)	(191)			(470,546,602)	(470,546,602)	(470,546,793)
Net Income (Loss)			(97)	(97)			(268,668,984)	(368,668,984)	(268,669,081)
Balance at September 30, 2011	40	\$ 1,000	\$ 198	\$ 1,198	85,400,000	\$ 2,713,776,810	\$ (157,291,901)	\$ 2,556,484,909	\$ 2,556,486,107

See accompanying notes to unaudited financial statements.

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PowerShares DB Agriculture Fund

Unaudited Statement of Changes in Shareholders' Equity

For the Nine Months Ended September 30, 2010

	General Shares			Shares			Total				
	Shares	Paid in Capital	Accumulated Earnings (Deficit)	Shares	Paid in Capital	Accumulated Earnings (Deficit)	Total Equity	Shareholder Equity	Non-controlling Interest	Total Equity	
Balance at January 1, 2010	40	\$ 1,000	\$ 57	\$ 1,057	95,200,000	\$ 2,798,734,352	\$ (283,034,627)	\$ 2,515,699,725	\$ 2,515,700,782	\$ 1,057	\$ 2,515,701,839
Sale of Shares					12,600,000	330,039,932		330,039,932	330,039,932		330,039,932
Redemption of Shares					(33,000,000)	(810,575,444)		(810,575,444)	(810,575,444)		(810,575,444)
Net Income (Loss)											
Net investment income (loss)			(5)	(5)			(13,594,392)	(13,594,392)	(13,594,397)	(5)	(13,594,402)
Net realized gain (loss) on United States Treasury Obligations and Futures			(63)	(63)			(135,983,276)	(135,983,276)	(135,983,339)	(63)	(135,983,402)
Net change in unrealized gain (loss) on United States Treasury Obligations and Futures			109	109			168,208,605	168,208,605	168,208,714	109	168,208,823
Net Income (Loss)			41	41			18,630,937	18,630,937	18,630,978	41	18,631,019
Balance at September 30, 2010	40	\$ 1,000	\$ 98	\$ 1,098	74,800,000	\$ 2,318,198,840	\$ (264,403,690)	\$ 2,053,795,150	\$ 2,053,796,248	\$ 1,098	\$ 2,053,797,346

See accompanying notes to unaudited financial statements.

Table of Contents*PowerShares DB Agriculture Fund**Unaudited Statements of Cash Flows**For the Nine Months Ended September 30, 2011 and 2010*

	Nine Months Ended	
	September 30, 2011	September 30, 2010
Cash flows from operating activities:		
Net Income (Loss)	\$ (268,669,081)	\$ 18,631,019
Adjustments to reconcile net income (loss) to net cash provided by (used for) operating activities:		
Cost of securities purchased	(9,957,744,724)	(5,892,835,108)
Proceeds from securities sold and matured	9,884,669,191	6,432,642,113
Net accretion of discount on United States Treasury Obligations	(2,004,164)	(1,730,017)
Net realized (gain) loss on United States Treasury Obligations	(62,390)	(4,733)
Net change in unrealized (gain) loss on United States Treasury Obligations and futures	470,546,793	(168,208,823)
Change in operating receivables and liabilities:		
Receivable for securities sold	(48,000,000)	
Payable to broker	(42,559,235)	(325,628)
Management fee payable	234,471	(138,180)
Brokerage fee payable	(2,385)	16,743
Net cash provided by (used for) operating activities	36,408,476	388,047,386
Cash flows from financing activities:		
Proceeds from sale of Shares	1,889,658,574	330,039,932
Payable for Shares redeemed	47,893,904	
Redemption of Shares	(1,777,212,594)	(810,575,444)
Net cash provided by (used for) financing activities	160,339,884	(480,535,512)
Net change in cash held by broker	196,748,360	(92,488,126)
Cash held by broker at beginning of period		241,997,015
Cash held by broker at end of period	\$ 196,748,360	\$ 149,508,889

See accompanying notes to unaudited financial statements.

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PowerShares DB Agriculture Fund

Notes to Unaudited Financial Statements

September 30, 2011

(1) Organization

PowerShares DB Agriculture Fund (the Fund), a separate series of PowerShares DB Multi-Sector Commodity Trust (the Trust), a Delaware statutory trust organized in seven separate series, was formed on August 3, 2006. DB Commodity Services LLC, a Delaware limited liability company (DBCS or the Managing Owner), seeded the Fund with a capital contribution of \$1,000 in exchange for 40 General Shares of the Fund. The fiscal year end of the Fund is December 31st. The term of the Fund is perpetual (unless terminated earlier in certain circumstances) as provided for in the Second Amended and Restated Declaration of Trust and Trust Agreement of the Trust (the Trust Agreement).

The Fund was originally formed as a master-feeder structure. Prior to the close of business on December 31, 2010, the master-feeder structure was collapsed. As a result of the collapse of the master-feeder structure, on December 31, 2010, the Managing Owner's and the Fund's interests in the DB Agriculture Master Fund (the Master Fund) were redeemed for all assets and liabilities held by the Master Fund. Hereafter, all references to the Fund either represent the structure in place as of December 31, 2010 or the structure in place prior to such date whereby the financial statements reflect the consolidation of the Fund and the Master Fund. The collapse of the master-feeder structure had no impact on a Shareholder's net asset value or the results of operations for the Fund.

The Fund offers common units of beneficial interest (the Shares) only to certain eligible financial institutions (the Authorized Participants) in one or more blocks of 200,000 Shares, called a Basket. The Fund commenced investment operations on January 3, 2007. The Fund commenced trading on the American Stock Exchange (now known as the NYSE Alternext US LLC (the NYSE Alternext)) on January 5, 2007 and, as of November 25, 2008, is listed on the NYSE Arca, Inc. (the NYSE Arca).

This Report covers the three months ended September 30, 2011 and 2010 (hereinafter referred to as the Three Months Ended September 30, 2011 and the Three Months Ended September 30, 2010, respectively) and the nine months ended September 30, 2011 and 2010 (hereinafter referred to as the Nine Months Ended September 30, 2011 and the Nine Months Ended September 30, 2010, respectively).

(2) Fund Investment Overview

The Fund invests with a view to tracking the changes, whether positive or negative, in the level of the DBIQ Diversified Agriculture Index Excess Return™ (the Index) over time, plus the excess, if any, of the Fund's interest income from its holdings of United States Treasury Obligations and other high credit quality short-term fixed income securities over the expenses of the Fund.

The Index is intended to reflect the change in market value of the agricultural sector. The commodities comprising the Index are Corn, Soybeans, Wheat, Kansas City Wheat, Sugar, Cocoa, Coffee, Cotton, Live Cattle, Feeder Cattle and Lean Hogs (each an Index Commodity, and collectively, the Index Commodities). From January 3, 2007 (commencement of investment operations) to October 19, 2009, the Fund invested with a view to tracking the changes, whether positive or negative, in the level of the Deutsche Bank Liquid Commodity Index Optimum Yield Agriculture Excess Return (DBLCI-OY Agriculture ER) over time, plus the excess, if any, of the Fund's interest income from its holdings of United States Treasury Obligations and other high credit quality short-term fixed income securities over the expenses of the Fund. The commodities comprising the DBLCI-OY Agriculture ER are Corn, Wheat, Soybeans and Sugar. From October 19, 2009 to December 31, 2010, the Fund invested with a view to tracking the changes, whether positive or negative, in the level of the Deutsche Bank Liquid Commodity Index Diversified Agriculture Excess Return (the Interim Index) over time, plus the excess, if any, of the Fund's income from its holdings of United States Treasury Obligations and other high credit quality short-term fixed income securities over the expenses of the Fund. After December 31, 2010, the Fund commenced tracking the Index. The Fund's Interim Index is identical to the Index except with respect to the following non-substantive changes: (i) name of Index, and (ii) inception date of Index for Commodity Futures Trading Commission (the CFTC) purposes. Except as provided in the immediately preceding sentence, all prior underlying formulae, data (e.g., closing levels, measure of volatility, all other numerical statistics and measures) and all other characteristics (e.g., Base Date, Index Sponsor, rolling, etc.) with respect to the Interim Index is identical to the Index. The Fund also holds United States Treasury Obligations and other high credit quality short-term fixed income securities for deposit with the Fund's commodity broker as margin.

The CFTC and/or commodity exchanges, as applicable, impose position limits on market participants trading in all eleven commodities included in the Index. The Index is comprised of futures contracts on each of the Index Commodities that expire in a specific month and trade on a specific exchange (the Index Contracts). As disclosed in the Fund's Prospectus, if the Managing Owner determines in its commercially

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reasonable judgment that it has become impracticable or inefficient for any reason for the Fund to gain full or partial exposure to any Index Commodity by investing in a specific Index Contract, the Fund may invest in a futures

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contract referencing the particular Index Commodity other than the Index Contract or, in the alternative, invest in other futures contracts not based on the particular Index Commodity if, in the commercially reasonable judgment of the Managing Owner, such futures contracts tend to exhibit trading prices that correlate with such Index Commodity. Because the Fund is approaching or has reached position limits with respect to certain futures contracts comprising the Index, the Fund has commenced investing in other futures contracts based on commodities that comprise the Fund's Index and in futures contracts based on commodities other than commodities that comprise the Fund's Index.

Please see <http://dbfunds.db.com/dba/weights.aspx> with respect to the most recently available weighted composition of the Fund and <http://dbfunds.db.com/dba/index.aspx> with respect to the composition of the Index on the Base Date.

The Fund does not employ leverage. As of September 30, 2011 and December 31, 2010, the Fund had \$2,558,451,328 (or 98.16%) and \$2,757,107,674 (or 100%), respectively, of its holdings of cash, United States Treasury Obligations and unrealized appreciation/depreciation on futures contracts on deposit with its Commodity Broker. Of this, \$180,149,805 (or 7.04%) and \$197,281,943 (or 7.16%), respectively, of the Fund's holdings of cash and United States Treasury Obligations are required to be deposited as margin in support of the Fund's long futures positions as of September 30, 2011 and December 31, 2010, respectively. For additional information, please see the unaudited Schedule of Investments as of September 30, 2011 and the audited Schedule of Investments as of December 31, 2010 for details of the Fund's portfolio holdings.

DBLCI, DBIQ and Deutsche Bank Liquid Commodity Index are trademarks of Deutsche Bank AG London (the Index Sponsor). Trademark applications in the United States are pending with respect to both the Trust and aspects of the Index. The Trust, the Fund and the Managing Owner have been licensed by the Index Sponsor to use the above noted trademarks. Deutsche Bank AG London is an affiliate of the Trust, the Fund and the Managing Owner.

(3) Service Providers and Related Party Agreements

The Trustee

Under the Trust Agreement, Wilmington Trust Company, the trustee of the Fund (the Trustee), has delegated to the Managing Owner the exclusive management and control of all aspects of the business of the Trust and the Fund. The Trustee will have no duty or liability to supervise or monitor the performance of the Managing Owner, nor will the Trustee have any liability for the acts or omissions of the Managing Owner.

The Managing Owner

The Managing Owner serves the Fund as commodity pool operator, commodity trading advisor and managing owner, and is an indirect wholly-owned subsidiary of Deutsche Bank AG. During the Three Months Ended September 30, 2011 and 2010, the Fund incurred Management Fees of \$6,422,717 and \$4,205,119, respectively. Management Fees incurred during the Nine Months Ended September 30, 2011 and 2010 by the Fund were \$20,990,965 and \$13,909,834, respectively. As of September 30, 2011 and December 31, 2010, Management Fees payable to the Managing Owner were \$2,067,909 and \$1,833,438, respectively.

The Commodity Broker

Deutsche Bank Securities Inc., a Delaware corporation, serves as the Fund's clearing broker (the Commodity Broker). The Commodity Broker is also an indirect wholly-owned subsidiary of Deutsche Bank AG and is an affiliate of the Managing Owner. In its capacity as clearing broker, the Commodity Broker executes and clears each of the Fund's futures transactions and performs certain administrative and custodial services for the Fund. As custodian of the Fund's assets, the Commodity Broker is responsible, among other things, for providing periodic accountings of all dealings and actions taken by the Trust on behalf of the Fund during the reporting period, together with an accounting of all securities, cash or other indebtedness or obligations held by it or its nominees for or on behalf of the Fund. During the Three Months Ended September 30, 2011 and 2010, the Fund incurred brokerage fees of \$408,982 and \$296,552, respectively. Brokerage fees incurred during the Nine Months Ended

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September 30, 2011 and 2010 by the Fund were \$1,782,401 and \$1,413,214, respectively. As of September 30, 2011 and December 31, 2010, brokerage fees payable were \$3,408 and \$5,793, respectively.

The Administrator

The Bank of New York Mellon (the Administrator) has been appointed by the Managing Owner as the administrator, custodian and transfer agent of the Fund, and has entered into separate administrative, custodian, transfer agency and service agreements (collectively referred to as the Administration Agreement).

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Pursuant to the Administration Agreement, the Administrator performs or supervises the performance of services necessary for the operation and administration of the Fund (other than making investment decisions), including receiving and processing orders from Authorized Participants to create and redeem Baskets, net asset value calculations, accounting and other fund administrative services. The Administrator retains certain financial books and records, including: Basket creation and redemption books and records, fund accounting records, ledgers with respect to assets, liabilities, capital, income and expenses, the registrar, transfer journals and related details, and trading and related documents received from futures commission merchants.

The Distributor

ALPS Distributors, Inc. (the Distributor) provides certain distribution services to the Fund. Pursuant to the Distribution Services Agreement among the Managing Owner in its capacity as managing owner of the Fund, the Fund and the Distributor, the Distributor assists the Managing Owner and the Administrator with certain functions and duties relating to distribution and marketing services to the Fund including reviewing and approving marketing materials.

Invesco PowerShares Capital Management LLC

Under the License Agreement among Invesco PowerShares Capital Management LLC (the Licensor) and the Managing Owner in its own capacity and in its capacity as managing owner of the Fund (the Fund and the Managing Owner, collectively, the Licensees), the Licensor granted to each Licensee a non-exclusive license to use the PowerShare® trademark (the Trademark) anywhere in the world, solely in connection with the marketing and promotion of the Fund and to use or refer to the Trademark in connection with the issuance and trading of the Fund as necessary.

Invesco Aim Distributors, Inc.

Through a marketing agreement between the Managing Owner and Invesco Aim Distributors, Inc. (Invesco Aim Distributors), an affiliate of Invesco PowerShares Capital Management LLC (Invesco PowerShares), the Managing Owner, on behalf of the Fund, has appointed Invesco Aim Distributors as a marketing agent. Invesco Aim Distributors assists the Managing Owner and the Administrator with certain functions and duties such as providing various educational and marketing activities regarding the Fund, primarily in the secondary trading market, which activities include, but are not limited to, communicating the Fund's name, characteristics, uses, benefits, and risks, consistent with the prospectus. Invesco Aim Distributors will not open or maintain customer accounts or handle orders for the Fund. Invesco Aim Distributors engages in public seminars, road shows, conferences, media interviews, and distributes sales literature and other communications (including electronic media) regarding the Fund.

(4) Summary of Significant Accounting Policies

(a) Basis of Presentation

The financial statements of the Fund have been prepared using U.S. generally accepted accounting principles and include the financial statements of the Fund and the Master Fund when applicable. As described in note 1, the Fund was originally formed as a master-feeder structure and such structure was collapsed on December 31, 2010. The financial statements reflect consolidation of the Fund and the Master Fund for all periods presented prior to December 31, 2010. Upon the initial offering of the Shares on January 3, 2007, the capital raised by the Fund was used to purchase 100% of the common units of beneficial interest of the Master Fund (the Master Fund Limited Units) (excluding common units of beneficial interest of the Master Fund held by the Managing Owner (the Master Fund General Units)). The Master Fund Limited Units owned by the Fund provided the Fund and its investors certain controlling rights and abilities over the Master Fund. Consequently, the financial statement balances of the Master Fund were consolidated with the Fund's financial statement balances for the periods previously described, and all significant inter-company balances and transactions were eliminated.

(b) Use of Estimates

The preparation of the financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, revenues and expenses and related disclosure of contingent assets and liabilities during the reporting period of the financial statements and accompanying notes. Actual results could differ from those estimates.

(c) Financial Instruments and Fair Value

United States Treasury Obligations and commodity futures contracts are recorded in the statements of financial condition on a trade date basis at fair value with changes in fair value recognized in earnings in each period. The fair value of a financial instrument is the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (the exit price).

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Financial Accounting Standards Board (FASB) fair value measurement and disclosure guidance requires a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets and liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Basis of Fair Value Measurement

Level 1: Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;

Level 2: Quoted prices in markets that are not active or financial instruments for which all significant inputs are observable, either directly or indirectly;

Level 3: Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

In determining fair value of United States Treasury Obligations and commodity futures contracts, the Fund uses unadjusted quoted market prices in active markets. United States Treasury Obligations and commodity futures contracts are classified within Level 1 of the fair value hierarchy. The Fund does not adjust the quoted prices for United States Treasury Obligations and commodity futures contracts.

(d) Deposits with Broker

The Fund deposits cash and United States Treasury Obligations with its Commodity Broker subject to CFTC regulations and various exchange and broker requirements. The combination of the Fund's deposits with its Commodity Broker of cash and United States Treasury Obligations and the unrealized profit or loss on open futures contracts (variation margin) represents the Fund's overall equity in its broker trading account. To meet the Fund's initial margin requirements, the Fund holds United States Treasury Obligations. The Fund uses its cash held by the Commodity Broker to satisfy variation margin requirements. The Fund earns interest on its cash deposited with the Commodity Broker.

(e) United States Treasury Obligations

The Fund records purchases and sales of United States Treasury Obligations on a trade date basis. These holdings are marked to market based on quoted market closing prices. The Fund holds United States Treasury Obligations for deposit with the Fund's Commodity Broker to meet margin requirements and for trading purposes. Interest income is recognized on an accrual basis when earned. Premiums and discounts are amortized or accreted over the life of the United States Treasury Obligations. Included in the United States Treasury Obligations as of September 30, 2011 and December 31, 2010 were holdings of \$180,149,805 and \$197,281,943, respectively, which were restricted and held against initial margin of the open futures contracts. The Fund sold \$48,000,000 notional amount of United States Treasury Obligations which was unpaid as of September 30, 2011. As a result, a receivable for securities sold is reported for \$48,000,000. As of December 31, 2010, the Fund did not have an amount receivable for securities sold.

(f) Cash Held by Broker

The Fund's arrangement with the Commodity Broker requires the Fund to meet its variation margin requirement related to the price movements, both positive and negative, on futures contracts held by the Fund by keeping cash on deposit with the Commodity Broker. The Fund defines cash and cash equivalents to be highly liquid investments, with original maturities of three months or less when purchased. As of September 30, 2011, the Fund had \$196,748,360 of cash held with the Commodity Broker of which \$100,172,721 was on deposit to satisfy the Fund's negative variation margin on open futures contracts. As of December 31, 2010 the Fund had no cash held with the Commodity Broker. There were no

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cash equivalents held by the Fund as of September 30, 2011 and December 31, 2010.

(g) Payable to Broker

Balances in the Fund's variation margin account that are in excess of minimums required by the CFTC regulations and various exchanges and the Commodity Broker requirements, are available to the Fund. As of September 30, 2011, the Fund did not have an amount payable to Broker. As of December 31, 2010, the futures contracts held by the Fund were in an unrealized appreciation position of \$370,363,896, of which the Fund utilized \$42,559,235 to purchase United States Treasury Obligations.

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(h) Income Taxes

The Fund is classified as a partnership for U.S. federal income tax purposes. Accordingly, the Fund will not incur U.S. federal income taxes. No provision for federal, state, and local income taxes has been made in the accompanying financial statements, as investors are individually liable for income taxes, if any, on their allocable share of the Fund's income, gain, loss, deductions and other items.

The major tax jurisdiction for the Fund and the earliest tax year subject to examination: United States 2007.

(i) Futures Contracts

All commodity futures contracts are held and used for trading purposes. The commodity futures are recorded on a trade date basis and open contracts are recorded in the statement of financial condition at fair value on the last business day of the period, which represents market value for those commodity futures for which market quotes are readily available. However, when market closing prices are not available, the Managing Owner may value an asset of the Fund pursuant to policies the Managing Owner has adopted, which are consistent with normal industry standards. Realized gains (losses) and changes in unrealized appreciation (depreciation) on open positions are determined on a specific identification basis and recognized in the statement of income and expenses in the period in which the contract is closed or the changes occur, respectively. As of September 30, 2011 and December 31, 2010, the futures contracts held by the Fund were in a net unrealized depreciation position of \$100,172,721 and a net unrealized appreciation position of \$370,363,896, respectively.

(j) Management Fee

The Fund pays the Managing Owner a management fee (the Management Fee), monthly in arrears, in an amount equal to 0.85% per annum of the daily net asset value of the Fund. The Management Fee is paid in consideration of the Managing Owner's commodity futures trading advisory services.

(k) Brokerage Commissions and Fees

The Fund incurs all brokerage commissions, including applicable exchange fees, NFA fees, give-up fees, pit brokerage fees and other transaction related fees and expenses charged in connection with trading activities by the Commodity Broker. These costs are recorded as brokerage commissions and fees in the statement of income and expenses as incurred. The Commodity Broker's brokerage commissions and trading fees are determined on a contract-by-contract basis. On average, total charges paid to the Commodity Broker were less than \$10.00 per round-turn trade for the Three Months Ended September 30, 2011 and 2010 and the Nine Months Ended September 30, 2011 and 2010.

(l) Routine Operational, Administrative and Other Ordinary Expenses

The Managing Owner assumes all routine operational, administrative and other ordinary expenses of the Fund, including, but not limited to, computer services, the fees and expenses of the Trustee, legal and accounting fees and expenses, tax preparation expenses, filing fees and printing, mailing and duplication costs. Accordingly, all such expenses are not reflected in the statement of income and expenses of the Fund.

(m) Organizational and Offering Costs

All organizational and offering expenses of the Fund are incurred and assumed by the Managing Owner. The Fund is not responsible to the Managing Owner for the reimbursement of organizational and offering costs. Expenses incurred in connection with the continuous offering of Shares also will be paid by the Managing Owner.

(n) Non-Recurring and Unusual Fees and Expenses

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The Fund pays all fees and expenses which are non-recurring and unusual in nature. Such expenses include legal claims and liabilities, litigation costs or indemnification or other unanticipated expenses. Such fees and expenses, by their nature, are unpredictable in terms of timing and amount. For the Three Months Ended September 30, 2011 and 2010 and the Nine Months Ended September 30, 2011 and 2010, the Fund did not incur such expenses.

(5) Fair Value Measurements

The Fund's assets and liabilities recorded at fair value have been categorized based upon the fair value hierarchy discussed in Note 4(c).

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Assets and Liabilities Measured at Fair Value were as follows:

	September 30, 2011	December 31, 2010
United States Treasury Obligations (Level 1)	\$ 2,461,875,689	\$ 2,386,743,778
Commodity Futures Contracts (Level 1)	\$ (100,172,721)	\$ 370,363,896

There were no Level 2 or Level 3 holdings as of September 30, 2011 and December 31, 2010.

(6) Financial Instrument Risk

In the normal course of its business, the Fund is a party to financial instruments with off-balance sheet risk. The term off-balance sheet risk refers to an unrecorded potential liability that, even though it does not appear on the balance sheet, may result in a future obligation or loss. The financial instruments used by the Fund are commodity futures, whose values are based upon an underlying asset and generally represent future commitments that have a reasonable possibility of being settled in cash or through physical delivery. The financial instruments are traded on an exchange and are standardized contracts.

Market risk is the potential for changes in the value of the financial instruments traded by the Fund due to market changes, including fluctuations in commodity prices. In entering into these futures contracts, there exists a market risk that such futures contracts may be significantly influenced by adverse market conditions, resulting in such futures contracts being less valuable. If the markets should move against all of the futures contracts at the same time, the Fund could experience substantial losses.

Credit risk is the possibility that a loss may occur due to the failure of an exchange clearinghouse to perform according to the terms of a futures contract. Credit risk with respect to exchange-traded instruments is reduced to the extent that an exchange or clearing organization acts as a counterparty to the transactions. The Fund's risk of loss in the event of counterparty default is typically limited to the amounts recognized in the statement of financial condition and not represented by the futures contract or notional amounts of the instruments.

The Fund has not utilized, nor does it expect to utilize in the future, special purpose entities to facilitate off-balance sheet financing arrangements and has no loan guarantee arrangements or off-balance sheet arrangements of any kind, other than agreements entered into in the normal course of business noted above.

(7) Share Purchases and Redemptions**(a) Purchases**

Shares may be purchased from the Fund only by Authorized Participants in one or more blocks of 200,000 Shares, called a Basket. The Fund issues Shares in Baskets only to Authorized Participants continuously as of noon, New York time, on the business day immediately following the date on which a valid order to create a Basket is accepted by the Fund, at the net asset value of 200,000 Shares as of the closing time of the NYSE Arca or the last to close of the exchanges on which the Fund's assets are traded, whichever is later, on the date that a valid order to create a Basket is accepted by the Fund.

(b) Redemptions

On any business day, an Authorized Participant may place an order with the Managing Owner to redeem one or more Baskets. Redemption orders must be placed by 10:00 a.m., New York time. The day on which the Managing Owner receives a valid redemption order is the redemption order date. Redemption orders are irrevocable. The redemption procedures allow Authorized Participants to redeem Baskets.

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Individual shareholders may not redeem directly from the Fund.

By placing a redemption order, an Authorized Participant agrees to deliver the Baskets to be redeemed through The Depository Trust Company's (the "DTC") book-entry system to the Fund not later than noon, New York time, on the business day immediately following the redemption order date. By placing a redemption order, and prior to receipt of the redemption proceeds, an Authorized Participant's DTC account is charged the non-refundable transaction fee due for the redemption order.

The redemption proceeds from the Fund consist of the cash redemption amount. The cash redemption amount is equal to the net asset value of the number of Basket(s) requested in the Authorized Participant's redemption order as of the closing time of the NYSE Arca or the last to close of the exchanges on which the Fund's assets are traded, whichever is later, on the redemption order date. The Fund will distribute the cash redemption amount at noon, New York time, on the business day immediately following the redemption order date through DTC to the account of the Authorized Participant as recorded on DTC's book-entry system.

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The redemption proceeds due from the Fund are delivered to the Authorized Participant at noon, New York time, on the business day immediately following the redemption order date if, by such time on such business day immediately following the redemption order date, the Fund's DTC account has been credited with the Baskets to be redeemed. If the Fund's DTC account has not been credited with all of the Baskets to be redeemed by such time, the redemption proceeds are delivered to the extent of whole Baskets received. Any remainder of the redemption proceeds are delivered on the next business day to the extent of remaining whole Baskets received if the Managing Owner receives the fee applicable to the extension of the redemption distribution date which the Managing Owner may, from time-to-time, determine and the remaining Baskets to be redeemed are credited to the Fund's DTC account by noon, New York time, on such next business day. Any further outstanding amount of the redemption order will be canceled. The Managing Owner is also authorized to deliver the redemption proceeds notwithstanding that the Baskets to be redeemed are not credited to the Fund's DTC account by noon, New York time, on the business day immediately following the redemption order date if the Authorized Participant has collateralized its obligation to deliver the Baskets through DTC's book-entry system on such terms as the Managing Owner may from time-to-time agree upon.

(c) Share Transactions**Summary of Share Transactions for the Three Months Ended September 30, 2011****and 2010 and the Nine Months Ended September 30, 2011 and 2010**

	Shares		Paid in Capital		Shares		Paid in Capital	
	Three Months Ended		Three Months Ended		Nine Months Ended		Nine Months Ended	
	September 30,	September 30,	September 30,	September 30,	September 30,	September 30,	September 30,	September 30,
	2011	2010	2011	2010	2011	2010	2011	2010
Shares Sold	6,200,000	1,600,000	\$ 207,639,784	\$ 41,840,574	55,600,000	12,600,000	\$ 1,889,658,574	\$ 330,039,932
Shares Redeemed	(16,800,000)	(3,800,000)	(529,143,018)	(97,281,286)	(54,000,000)	(33,000,000)	(1,777,212,594)	(810,575,444)
Net Increase/ (Decrease)	(10,600,000)	(2,200,000)	\$ (321,503,234)	\$ (55,440,712)	1,600,000	(20,400,000)	\$ 112,445,980	\$ (480,535,512)

(8) Profit and Loss Allocations and Distributions

Pursuant to the Trust Agreement, income and expenses are allocated *pro rata* to the Managing Owner as holder of the General Shares and to the Shareholders monthly based on their respective percentage interests as of the close of the last trading day of the preceding month. Any losses allocated to the Managing Owner (as the owner of the General Shares) which are in excess of the Managing Owner's capital balance are allocated to the Shareholders in accordance with their respective interest in the Fund as a percentage of total shareholders' equity. Distributions (other than redemption of units) may be made at the sole discretion of the Managing Owner on a *pro rata* basis in accordance with the respective capital balances of the shareholders.

(9) Commitments and Contingencies

The Managing Owner, either in its own capacity or in its capacity as the Managing Owner and on behalf of the Fund, has entered into various service agreements that contain a variety of representations, or provide indemnification provisions related to certain risks service providers undertake in performing services which are in the best interests of the Fund. As of September 30, 2011, no claims had been received by the Fund and it was therefore not possible to estimate the Fund's potential future exposure under such indemnification provisions.

(10) Net Asset Value and Financial Highlights

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The Fund is presenting the following net asset value and financial highlights related to investment performance for a Share outstanding for the Three Months Ended September 30, 2011 and 2010 and for the Nine Months Ended September 30, 2011 and 2010. The net investment income and total expense ratios are calculated using average net asset value. The net asset value presentation is calculated using daily Shares outstanding. The net investment income and total expense ratios have been annualized. The total return is based on the change in net asset value of the Shares during the period. An individual investor's return and ratios may vary based on the timing of capital transactions.

Net asset value per Share is the net asset value of the Fund divided by the number of outstanding Shares.

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	Three Months Ended		Nine Months Ended	
	September 30, 2011	September 30, 2010	September 30, 2011	September 30, 2010
Net Asset Value				
Net asset value per Share, beginning of period	\$ 32.00	\$ 23.99	\$ 32.37	\$ 26.43
Net realized and change in unrealized gain (loss) on United States Treasury Obligations and Futures	(2.00)	3.52	(2.22)	1.19
Net investment income (loss)	(0.07)	(0.05)	(0.21)	(0.16)
Net income (loss)	(2.07)	3.47	(2.43)	1.03
Net asset value per Share, end of period	\$ 29.93	\$ 27.46	\$ 29.93	\$ 27.46
Market value per Share, beginning of period	\$ 31.74	\$ 23.99	\$ 32.35	\$ 26.44
Market value per Share, end of period	\$ 29.67	\$ 27.48	\$ 29.67	\$ 27.48
Ratio to average Net Assets*				
Net investment income (loss)	(0.87)%	(0.78)%	(0.84)%	(0.83)%
Total expenses	0.91%	0.91%	0.92%	0.94%
Total Return, at net asset value **	(6.47)%	14.46%	(7.54)%	3.90%
Total Return, at market value **	(6.52)%	14.55%	(8.28)%	3.93%

* Percentages are annualized.

** Percentages are not annualized.

(11) Subsequent Events

The Fund evaluated the need for disclosures and/or adjustments resulting from subsequent events through the date the financial statements were issued. This evaluation did not result in any subsequent events that necessitated disclosures and/or adjustments.

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ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

This information should be read in conjunction with the financial statements and notes included in Item 1 of Part I of this Quarterly Report (the Report). The discussion and analysis which follows may contain trend analysis and other forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934 which reflect our current views with respect to future events and financial results. Words such as anticipate, expect, intend, plan, believe, seek, outlook and estimate, as well as similar words and phrases, signify forward-looking statements. PowerShares DB Agriculture Fund's (the Fund) forward-looking statements are not guarantees of future results and conditions and important factors, risks and uncertainties may cause our actual results to differ materially from those expressed in our forward-looking statements.

You should not place undue reliance on any forward-looking statements. Except as expressly required by the Federal securities laws, DB Commodity Services LLC (the Managing Owner), undertakes no obligation to publicly update or revise any forward-looking statements or the risks, uncertainties or other factors described in this Report, as a result of new information, future events or changed circumstances or for any other reason after the date of this Report.

Overview/Introduction

Prior to the close of business on December 31, 2010, the Fund invested substantially all of its assets in the DB Agriculture Master Fund (the Master Fund), a series of the DB Multi-Sector Commodity Trust (the Master Trust). After the determination of the net asset value of the Master Fund on December 31, 2010, the Master Fund transferred and distributed all of its assets and liabilities to the Fund and terminated. Effective January 1, 2011, the reorganized Fund has performed all of the necessary functions in order to continue normal Fund operations. The collapse of the master-feeder structure had no effect on the operations or processes of the Fund. All reference to historical results of the Fund include results of the Master Fund where the context requires.

The Fund seeks to track changes, whether positive or negative, in the level of the DBIQ Diversified Agriculture Index Excess Return™ (the Index) over time, plus the excess, if any, of the Fund's interest income from its holdings of United States Treasury Obligations and other high credit quality short-term fixed income securities over the expenses of the Fund. The Index is intended to reflect the change in market value of the agricultural sector. The commodities comprising the Index are Corn, Soybeans, Wheat, Kansas City Wheat, Sugar, Cocoa, Coffee, Cotton, Live Cattle, Feeder Cattle and Lean Hogs (each an Index Commodity, and collectively, the Index Commodities).

From January 3, 2007 (commencement of investment operations) to October 19, 2009, the Fund invested with a view to tracking the changes, whether positive or negative, in the level of the Deutsche Bank Liquid Commodity Index Optimum Yield Agriculture Excess Return (the DBLCI-OY Agriculture ER) over time, plus the excess, if any, of the Fund's interest income from its holdings of United States Treasury Obligations and other high credit quality short-term fixed income securities over the expenses of the Fund. The commodities comprising the DBLCI-OY Agriculture ER are Corn, Wheat, Soybeans and Sugar. From October 19, 2009 to December 31, 2010, the Fund invested with a view to tracking the changes, whether positive or negative, in the level of the Deutsche Bank Liquid Commodity Index Diversified Agriculture Excess Return (the Interim Index) over time, plus the excess, if any, of the Fund's income from its holdings of United States Treasury Obligations and other high credit quality short-term fixed income securities over the expenses of the Fund. After December 31, 2010, the Fund commenced tracking the Index. The Fund's Interim Index is identical to the Index except with respect to the following non-substantive changes: (i) name of Index, and (ii) inception date of Index for Commodity Futures Trading Commission (the CFTC) purposes. Except as provided in the immediately preceding sentence, all prior underlying formulae, data (e.g., closing levels, measure of volatility, all other numerical statistics and measures) and all other characteristics (e.g., Base Date, Index Sponsor, rolling, etc.) with respect to the Interim Index are identical to the Index. The Fund pursues its investment objective by investing in a portfolio of exchange traded futures contracts that expire in a specific month and trade on a specific exchange in the commodities comprising the Index. The Fund also holds United States Treasury Obligations and other high credit quality short-term fixed income securities for deposit with the Fund's Commodity Broker as margin.

DBLCI, DBIQ and Deutsche Bank Liquid Commodity Index are trademarks of Deutsche Bank AG London (the Index Sponsor). Trademark applications in the United States are pending with respect to both the Trust and aspects of the Index. The Trust, the Fund and the Managing Owner have been licensed by the Index Sponsor to use the above noted trademarks. Deutsche Bank AG London is an affiliate of the Trust, the Fund and the Managing Owner.

The notional amount of each Index Commodity included in the Index is intended to reflect the changes in market value of each such Index Commodity within the Index. The closing level of the Index is calculated on each business day by the Index Sponsor based on the closing price of the futures contracts for each of the underlying Index Commodities and the notional amounts of such Index Commodities.

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The Index is rebalanced annually in November to ensure that each of the Index Commodities is weighted in the same proportion that such Index Commodities were weighted on January 18, 1989 (the Base Date). The following table reflects the index base weights (the Index Base Weights) of each Index Commodity on the Base Date:

Index Commodity	Index Base Weight (%)
Corn	12.50
Soybeans	12.50
Wheat	6.25
Kansas City Wheat	6.25
Sugar	12.50
Cocoa	11.11
Coffee	11.11
Cotton	2.78
Live Cattle	12.50
Feeder Cattle	4.17
Lean Hogs	8.33
Closing Level on Base Date:	100.00

The following table reflects the Fund weights of each Index Commodity or related futures contracts, as applicable, as of September 30, 2011:

Index Commodity	Fund Weight (%)
Corn	13.56
Soybeans	12.20
Wheat	4.42
Kansas City Wheat	5.36
Sugar	12.04
Cocoa	10.22
Coffee	11.78
Cotton	2.48
Live Cattle	13.46
Feeder Cattle	5.03
Lean Hogs	9.14
Soybean Meal	0.12
Soybean Oil	0.19
Closing Level as of September 30, 2011:	100.00

The composition of the Index may be adjusted in the event that the Index Sponsor is not able to calculate the closing prices of the Index Commodities.

The Index includes provisions for the replacement of futures contracts as they approach maturity. This replacement takes place over a period of time in order to lessen the impact on the market for the futures contracts being replaced. With respect to each Index Commodity, the Fund employs a rule-based approach when it rolls from one futures contract to another. The Index replaces the underlying futures contracts on either an optimum yield basis or on a non optimum yield basis. The Index Commodities that are rolled on an optimum yield basis are Corn, Soybeans, Wheat, Kansas City Wheat and Sugar (each, an OY Index Commodity, collectively, the OY Index Commodities). The Index Commodities that are rolled on a non-optimum yield basis are Cocoa, Coffee, Cotton, Live Cattle, Feeder Cattle and Lean Hogs (each, a Non-OY Index Commodity, collectively, the Non-OY Index Commodities).

Rather than select a new futures contract based on a predetermined schedule (e.g., monthly), each OY Index Commodity rolls to the futures contract which generates the best possible implied roll yield. The futures contract with a delivery month within the next thirteen months which generates the best possible implied roll yield will be included in the Index. As a result, the Fund is able to potentially maximize the roll benefits

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in backwardated markets and minimize the losses from rolling in contangoed markets for each OY Index Commodity.

Each of the futures contracts with respect to the Non-OY Index Commodities rolls only to the next to expire futures contract as provided below under Contract Selection (Non-OY Index Commodities only) .

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In general, as a futures contract approaches its expiration date, its price will move towards the spot price in a contangoed market. Assuming the spot price does not change, this would result in the futures contract price decreasing and a negative implied roll yield. The opposite is true in a backwardated market. Rolling in a contangoed market will tend to cause a drag on an Index Commodity's contribution to the Fund's return while rolling in a backwardated market will tend to cause a push on an Index Commodity's contribution to the Fund's return.

If the Managing Owner determines in its commercially reasonable judgment that it has become impracticable or inefficient for any reason for the Fund to gain full or partial exposure to any Index Commodity by investing in a specific futures contract that is a part of the Index, the Fund may invest in a futures contract referencing the particular Index Commodity other than the specific contract that is a part of the Index or, in the alternative, invest in other futures contracts not based on the particular Index Commodity if, in the commercially reasonable judgment of the Managing Owner, such futures contracts tend to exhibit trading prices that correlate with a futures contract that is a part of the Index. Please see <http://dbfunds.db.com/dba/weights.aspx> with respect to the most recently available weighted composition of the Fund and <http://dbfunds.db.com/dba/index.aspx> with respect to the composition of the Fund's index on the Base Date.

The DBIQ Diversified Agriculture Index is calculated in USD on both an excess return (unfunded) and total return (funded) basis.

The futures contract price for each Index Commodity will be the exchange closing price for such Index Commodity on each weekday when banks in New York, New York are open (the Index Business Days). If a weekday is not an Exchange Business Day (as defined in the following sentence) but is an Index Business Day, the exchange closing price from the previous Index Business Day will be used for each Index Commodity. Exchange Business Day means, in respect of an Index Commodity, a day that is a trading day for such Index Commodity on the relevant exchange (unless either an Index disruption event or force majeure event has occurred).

Contract Selection (OY Index Commodity only)

On the first New York business day (the Verification Date) of each month, each OY Index Commodity futures contract will be tested in order to determine whether to continue including it in the Index. If the OY Index Commodity futures contract requires delivery of the underlying commodity in the next month, known as the Delivery Month, a new OY Index Commodity futures contract will be selected for inclusion in the Index. For example, if the first New York business day is October 1, 2011, and the Delivery Month of the OY Index Commodity futures contract currently in such Index is November 2011, a new OY Index Commodity futures contract with a later Delivery Month will be selected.

For each underlying OY Index Commodity of the Index, the new OY Index Commodity futures contract selected will be the OY Index Commodity futures contract with the best possible implied roll yield based on the closing price for each eligible OY Index Commodity futures contract. Eligible OY Index Commodity futures contracts are any OY Index Commodity futures contracts having a Delivery Month (i) no sooner than the month after the Delivery Month of the OY Index Commodity futures contract currently in such Index, and (ii) no later than the 13th month after the Verification Date. For example, if the first New York business day is October 1, 2011 and the Delivery Month of an OY Index Commodity futures contract currently in the Index is November 2011, the Delivery Month of an eligible new OY Index Commodity futures contract must be between December 2011 and October 2012. The implied roll yield is then calculated and the futures contract on the OY Index Commodity with the best possible implied roll yield is then selected. If two futures contracts have the same implied roll yield, the futures contract with the minimum number of months prior to the Delivery Month is selected.

After selection of the replacement futures contract, each OY Index Commodity futures contract will be rolled as provided in the sub-paragraph Monthly Index Roll Period with respect to both OY Index Commodities and Non-OY Index Commodities.

Contract Selection (the Non-OY Commodities only)

On the first Index Business Day of each month, a new Non-OY Commodity futures contract will be selected to replace the old Non-OY Commodity futures contract. The new Non-OY Commodity futures contract selected is as provided in the following schedule:

Contract