

PowerShares DB Multi-Sector Commodity Trust
Form 10-Q
May 09, 2011
[Table of Contents](#)

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 March 31, 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 March 31, 2011: 115,400,000 Shares.

Table of Contents

POWERSHARES DB AGRICULTURE FUND

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

QUARTER ENDED MARCH 31, 2011

TABLE OF CONTENTS

	Page
PART I. <u>FINANCIAL INFORMATION</u>	1
ITEM 1. <u>FINANCIAL STATEMENTS</u>	1
<u>Notes to Unaudited Financial Statements</u>	8
ITEM 2. <u>MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS</u>	16
ITEM 3. <u>QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.</u>	26
ITEM 4. <u>CONTROLS AND PROCEDURES</u>	28
PART II. <u>OTHER INFORMATION</u>	29
Item 1. <u>Legal Proceedings</u>	29
Item 1A. <u>Risk Factors</u>	29
Item 2. <u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	32
Item 3. <u>Defaults Upon Senior Securities</u>	32
Item 4. <u>Reserved</u>	32
Item 5. <u>Other Information</u>	32
Item 6. <u>Exhibits</u>	32
<u>SIGNATURES</u>	33
<u>EXHIBIT INDEX</u>	E-1
Exhibit 31.1 Certification required under Exchange Act Rules 13a-14 and 15d-14	E-2
Exhibit 31.2 Certification required under Exchange Act Rules 13a-14 and 15d-14	E-3
Exhibit 32.1 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	E-4
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	E-5

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

	March 31, 2011	December 31, 2010
Assets		
Equity in broker trading accounts:		
United States Treasury Obligations, at fair value (cost \$3,627,473,966 and \$2,386,667,824 respectively)	\$ 3,627,730,558	\$ 2,386,743,778
Cash held by broker	38,279,458	
Net unrealized appreciation (depreciation) on futures contracts	285,468,609	370,363,896
Deposits with broker	3,951,478,625	2,757,107,674
Receivable for shares issued	61,590,420	
Total assets	\$ 4,013,069,045	\$ 2,757,107,674
Liabilities		
Payable to broker	\$	\$ 42,559,235
Payable for securities purchased	60,987,038	
Management fee payable	2,724,824	1,833,438
Brokerage fee payable	560,682	5,793
Total liabilities	64,272,544	44,398,466
Commitments and Contingencies (Note 9)		
Equity		
Shareholders' equity		
General shares:		
Paid in capital 40 shares issued and outstanding as of March 31, 2011 and December 31, 2010, respectively	1,000	1,000
Accumulated earnings (deficit)	369	295
Total General shares	1,369	1,295
Shares:		
Paid in capital 115,400,000 and 83,800,000 redeemable Shares issued and outstanding as of March 31, 2011 and December 31, 2010, respectively	3,673,263,842	2,601,330,830
Accumulated earnings (deficit)	275,531,290	111,377,083
Total Shares	3,948,795,132	2,712,707,913

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Total shareholders equity	3,948,796,501	2,712,709,208
Total liabilities and equity	\$ 4,013,069,045	\$ 2,757,107,674
Net asset value per share		
General shares	\$ 34.23	\$ 32.38
Shares	\$ 34.22	\$ 32.37

See accompanying notes to unaudited financial statements.

Table of Contents**PowerShares DB Agriculture Fund****Unaudited Schedule of Investments****March 31, 2011**

Description	Percentage of Net Assets	Fair Value	Face Value
United States Treasury Obligations			
U.S. Treasury Bills, 0.07% due April 7, 2011	18.67%	\$ 736,997,789	\$ 737,000,000
U.S. Treasury Bills, 0.23% due April 14, 2011	6.86	270,997,019	271,000,000
U.S. Treasury Bills, 0.075% due April 21, 2011	2.45	96,897,965	96,900,000
U.S. Treasury Bills, 0.045% due April 28, 2011	11.02	434,986,080	435,000,000
U.S. Treasury Bills, 0.15% due May 5, 2011	15.09	595,979,140	596,000,000
U.S. Treasury Bills, 0.15% due May 12, 2011	11.24	443,982,240	444,000,000
U.S. Treasury Bills, 0.055% due May 19, 2011	5.14	202,988,632	203,000,000
U.S. Treasury Bills, 0.11% due May 26, 2011	7.19	283,981,824	284,000,000
U.S. Treasury Bills, 0.145% due June 2, 2011	3.62	142,985,271	143,000,000
U.S. Treasury Bills, 0.11% due June 9, 2011	1.55	60,992,985	61,000,000
U.S. Treasury Bills, 0.09% due June 16, 2011	4.89	192,973,559	193,000,000
U.S. Treasury Bills, 0.095% due June 23, 2011	1.57	61,988,964	62,000,000
U.S. Treasury Bills, 0.10% due June 30, 2011	2.58	101,979,090	102,000,000
Total United States Treasury Obligations (cost \$3,627,473,966)	91.87%	\$ 3,627,730,558	

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 (13,769 contracts, settlement date May 13, 2011)	(1.24)%	\$ (49,074,930)
Coffee (4,909 contracts, settlement date May 18, 2011)	0.43	16,911,656
Corn (5,004 contracts, settlement date March 14, 2012)	0.16	6,408,313
Corn (7,948 contracts, settlement date December 12, 2011)	0.71	28,131,238
Cotton (1,398 contracts, settlement date May 06, 2011)	0.44	17,250,540
Feeder Cattle (1,599 contracts, settlement date May 26, 2011)	0.18	7,167,913
Feeder Cattle (932 contracts, settlement date August 25, 2011)	0.07	2,769,613
Lean Hogs (4,095 contracts, settlement date July 15, 2011)	0.14	5,562,320
Lean Hogs (4,099 contracts, settlement date June 14, 2011)	0.30	11,779,920
Live Cattle (4,779 contracts, settlement date August 31, 2011)	0.24	9,416,200
Live Cattle (5,399 contracts, settlement date June 30, 2011)	0.48	18,911,160
Red Wheat (2,034 contracts, settlement date July 14, 2011)	0.10	3,873,750
Red Wheat (293 contracts, settlement date December 14, 2011)	0.01	405,313
Soybean Meal (2,441 contracts, settlement date December 14, 2011)	0.09	3,760,720
Soybean Oil (2,608 contracts, settlement date December 14, 2011)	0.06	2,426,982
Soybeans (3,826 contracts, settlement date November 14, 2011)	1.45	57,341,000
Soybeans (2,060 contracts, settlement date January 13, 2012)	0.44	17,449,088
Sugar (14,955 contracts, settlement date June 30, 2011)	1.32	52,200,154
Wheat (2,086 contracts, settlement date June 30, 2011)	0.46	18,110,025
Wheat (625 contracts, settlement date December 14, 2011)	0.03	1,033,813
Wheat KCB (4,999 contracts, settlement date July 14, 2011)	1.34	52,965,850
Wheat KCB (323 contracts, settlement date December 14, 2011)	0.02	667,971

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Net Unrealized Appreciation on Futures Contracts	7.23%	\$ 285,468,609
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Net unrealized appreciation is comprised of unrealized gains of \$356,630,635 and unrealized losses of \$71,162,026.

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
Net Unrealized Appreciation on Futures Contracts	13.65%	\$ 370,363,896

Net unrealized appreciation is comprised of unrealized gains of \$371,840,229 and unrealized losses of \$1,476,333.

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See accompanying notes to unaudited financial statements.

Table of Contents*PowerShares DB Agriculture Fund**Unaudited Statement of Income and Expenses**For the Three Months Ended March 31, 2011 and 2010*

	Three Months Ended	
	March 31, 2011	March 31, 2010
Income		
Interest Income	\$ 1,070,615	\$ 372,617
Expenses		
Management Fee	7,091,062	5,235,667
Brokerage Commissions and Fees	1,169,788	452,431
Total Expenses	8,260,850	5,688,098
Net investment income (loss)	(7,190,235)	(5,315,481)
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	23,885	898
Futures	256,035,280	(41,441,493)
Foreign Currency Translation		(63,481)
Net realized gain (loss)	256,059,165	(41,504,076)
Net Change in Unrealized Gain (Loss) on		
United States Treasury Obligations	180,638	(99,696)
Futures	(84,895,287)	(173,067,134)
Foreign Currency Translation		217
Net change in unrealized gain (loss)	(84,714,649)	(173,166,613)
Net realized and net change in unrealized gain (loss) on United States Treasury Obligations, Futures and Foreign Currency Translation	171,344,516	(214,670,689)
Net Income (Loss)	\$ 164,154,281	\$ (219,986,170)
Less: net income (loss) attributed to the non-controlling interest in subsidiary - related party		88
Net Income (Loss) Attributable to PowerShares DB Agriculture Fund	\$ 164,154,281	\$ (219,986,082)

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 March 31, 2011*

	General Shares Accumulated			Shares Accumulated			Total Equity	Total Shareholders Equity	
	Shares	Paid in Capital	Earnings (Deficit)	Total Equity	Shares	Paid in Capital			Earnings (Deficit)
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					44,200,000	1,506,219,118		1,506,219,118	1,506,219,118
Redemption of Shares					(12,600,000)	(434,286,106)		(434,286,106)	(434,286,106)
Net Income (Loss)									
Net investment income (loss)			(3)	(3)			(7,190,232)	(7,190,232)	(7,190,235)
Net realized gain (loss) on United States Treasury Obligations and Futures			115	115			256,059,050	256,059,050	256,059,165
Net change in unrealized gain (loss) on United States Treasury Obligations and Futures			(38)	(38)			(84,714,611)	(84,714,611)	(84,714,649)
Net Income (Loss)			74	74			164,154,207	164,154,207	164,154,281
Balance at March 31, 2011	40	\$ 1,000	\$ 369	\$ 1,369	115,400,000	\$ 3,673,263,842	\$ 275,531,290	\$ 3,948,795,132	\$ 3,948,796,501

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 March 31, 2010

	General Shares Paid	Accumulated in Earnings	Total Equity	Shares	Paid in Capital	Shares Accumulated in Earnings (Deficit)	Total Equity	Total 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				10,800,000	283,303,252		283,303,252	283,303,252		283,303,252	
Redemption of Shares				(9,800,000)	(247,834,942)		(247,834,942)	(247,834,942)		(247,834,942)	
Net Income (Loss)											
Net investment income (loss)			(2)	(2)		(5,315,477)	(5,315,477)	(5,315,479)	(2)	(5,315,481)	
Net realized gain (loss) on United States Treasury Obligations and Futures			(16)	(16)		(41,504,044)	(41,504,044)	(41,504,060)	(16)	(41,504,076)	
Net change in unrealized gain (loss) on United States Treasury Obligations and Futures			(70)	(70)		(173,166,473)	(173,166,473)	(173,166,543)	(70)	(173,166,613)	
Net Income (Loss)			(88)	(88)		(219,985,994)	(219,985,994)	(219,986,082)	(88)	(219,986,170)	
Balance at March 31, 2010	40	\$ 1,000	\$ (31)	\$ 969	96,200,000	\$ 2,834,202,662	\$ (503,020,621)	\$ 2,331,182,041	\$ 969	\$ 2,331,183,979	

See accompanying notes to unaudited financial statements.

Table of Contents

PowerShares DB Agriculture Fund

Unaudited Statement of Cash Flows

For the Three Months Ended March 31, 2011 and 2010

	Three Months Ended	
	March 31, 2011	March 31, 2010
Cash flows from operating activities:		
Net Income (Loss)	\$ 164,154,281	\$ (219,986,170)
Adjustments to reconcile net income (loss) to net cash provided by (used for) operating activities:		
Cost of securities purchased		