

POWERSHARES DB AGRICULTURE FUND
Form 10-Q
August 10, 2015
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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, 2015

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

87-0778078
(I.R.S. Employer

Incorporation or Organization)

Identification No.)

c/o Invesco PowerShares Capital Management LLC

3500 Lacey Road, Suite 700

Downers Grove, Illinois
(Address of Principal Executive Offices)

60515
(Zip Code)

Registrant's telephone number, including area code: (800) 983-0903

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

Indicate by check mark whether the Registrant has submitted electronically and posted on its corporate Web site, if any, an Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrant was required to submit and post such files). Yes No

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

Large Accelerated Filer

Accelerated Filer

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

Smaller reporting company

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

Indicate the number of outstanding Shares as of June 30, 2015: 41,200,000 Shares.

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POWERSHARES DB AGRICULTURE FUND

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

QUARTER ENDED JUNE 30, 2015

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Table of Contents**PART I. FINANCIAL INFORMATION****ITEM 1. FINANCIAL STATEMENTS.***PowerShares DB Agriculture Fund**Statements of Financial Condition**June 30, 2015 and December 31, 2014**(Unaudited)*

	June 30, 2015	December 31, 2014
Assets		
United States Treasury Obligations, at fair value (cost \$856,991,577 and \$1,239,959,830, respectively)	\$ 857,007,407	\$ 1,239,965,626
Cash held by commodity broker		50,738,487
Cash held by custodian	73,795,593	
Net unrealized appreciation (depreciation) on Commodity Futures Contracts		(55,992,200)
Variation margin receivable	23,453,007	
Receivable for securities sold		4,999,973
Receivable for shares issued	9,349,244	
Total assets (of which \$95,000,000 and \$54,266,610, respectively is restricted for maintenance margin purposes)	\$ 963,605,251	\$ 1,239,711,886
Liabilities		
Payable for securities purchased	\$	\$ 195,982,850
Payable for shares redeemed		4,966,254
Management fee payable	628,068	810,806
Brokerage fee payable	4,081	4,267
Total liabilities	632,149	201,764,177
Commitments and Contingencies (Note 9)		
Equity		
Shareholders' equity - General Shares	935	993
Shareholders' equity - Shares	962,972,167	1,037,946,716
Total shareholders' equity	962,973,102	1,037,947,709
Total liabilities and equity	\$ 963,605,251	\$ 1,239,711,886
General Shares outstanding		
Shares outstanding	40	40
	41,200,000	41,800,000
Net asset value per share		
General Shares	\$ 23.37	\$ 24.83
Shares	\$ 23.37	\$ 24.83

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See accompanying Notes to Unaudited Financial Statements which are an integral part of the financial statements.

Table of Contents**PowerShares DB Agriculture Fund****Schedule of Investments****June 30, 2015****(Unaudited)**

Description	Percentage of Shareholders Equity	Fair Value	Face Value
United States Treasury Obligations ^{(a)(b)}			
U.S. Treasury Bills, 0.005% due July 2, 2015	29.60%	\$ 285,000,000	\$ 285,000,000
U.S. Treasury Bills, 0.005% due July 9, 2015	2.08	20,000,080	20,000,000
U.S. Treasury Bills, 0.0% due July 23, 2015	13.50	130,000,260	130,000,000
U.S. Treasury Bills, 0.015% due July 30, 2015	11.94	114,998,620	115,000,000
U.S. Treasury Bills, 0.015% due August 6, 2015	2.60	25,000,125	25,000,000
U.S. Treasury Bills, 0.020% due August 13, 2015	2.28	22,000,132	22,000,000
U.S. Treasury Bills, 0.015% due August 20, 2015	5.19	50,000,000	50,000,000
U.S. Treasury Bills, 0.015% due September 10, 2015	21.81	210,008,190	210,000,000
Total United States Treasury Obligations (cost \$856,991,577)	89.00%	\$ 857,007,407	

^(a) Security may be traded on a discount basis. The interest rate shown represents the discount rate at the most recent auction date of the security prior to period end.

^(b) A portion of United States Treasury Obligations are on deposit with the commodity broker and held as margin for open futures contracts. See Note 3 for additional information.

Description	Unrealized Appreciation/ (Depreciation) as a Percentage of Shareholders Equity	Unrealized Appreciation/ (Depreciation)^(c)	Notional Market Value
Commodity Futures Contracts			
CBOT Corn (6,245 contracts, settlement date December 14, 2015)	0.66%	\$ 6,308,125	\$ 134,735,875
CBOT Soybean (2,565 contracts, settlement date November 13, 2015)	0.91	8,776,325	133,027,312
CBOT Wheat (2,370 contracts, settlement date September 14, 2015)	1.22	11,751,817	72,966,375
CBOT Wheat KCB (2,028 contracts, settlement date July 14, 2016)	0.68	6,562,542	66,188,850
CME Cattle Feeder (376 contracts, settlement date August 27, 2015)	(0.04)	(399,034)	40,368,300
CME Lean Hogs (1,970 contracts, settlement date August 14, 2015)	(0.54)	(5,167,314)	58,607,500
CME Live Cattle (2,053 contracts, settlement date August 31, 2015)	(0.10)	(976,975)	121,599,190
NYB-ICE Cocoa (3,977 contracts, settlement date September 15, 2015)	0.64	6,121,230	130,008,130
NYB-ICE Coffee (1,567 contracts, settlement date September 18, 2015)	(0.29)	(2,813,383)	77,801,550
NYB-ICE Cotton (933 contracts, settlement date December 08, 2015)	0.14	1,381,195	31,680,015
NYB-ICE Sugar (6,887 contracts, settlement date September 30, 2015)	(0.03)	(291,672)	96,186,597
Total Commodity Futures Contracts	3.25%	\$ 31,252,856	\$ 963,169,694

- (c) *Unrealized appreciation/(depreciation) is presented above, net by contract.*
See accompanying Notes to Unaudited Financial Statements which are an integral part of the financial statements.

Table of Contents**PowerShares DB Agriculture Fund****Schedule of Investments****December 31, 2014****(Unaudited)**

Description	Percentage of Shareholders Equity	Fair Value	Face Value
United States Treasury Obligations ^{(a)(b)}			
U.S. Treasury Bills, 0.030% due January 2, 2015	18.88%	\$ 196,000,000	\$ 196,000,000
U.S. Treasury Bills, 0.020% due January 15, 2015	3.18	32,999,769	33,000,000
U.S. Treasury Bills, 0.010% due January 22, 2015	17.73	183,997,424	184,000,000
U.S. Treasury Bills, 0.015% due January 29, 2015	14.35	148,997,765	149,000,000
U.S. Treasury Bills, 0.010% due February 5, 2015	5.30	54,998,955	55,000,000
U.S. Treasury Bills, 0.025% due February 12, 2015	0.10	999,986	1,000,000
U.S. Treasury Bills, 0.025% due February 19, 2015	0.58	5,999,898	6,000,000
U.S. Treasury Bills, 0.020% due February 26, 2015	0.77	7,999,816	8,000,000
U.S. Treasury Bills, 0.025% due March 5, 2015	28.32	293,993,532	294,000,000
U.S. Treasury Bills, 0.025% due March 12, 2015	9.06	93,996,428	94,000,000
U.S. Treasury Bills, 0.035% due March 19, 2015	0.10	999,968	1,000,000
U.S. Treasury Bills, 0.055% due March 26, 2015	2.21	22,999,333	23,000,000
U.S. Treasury Bills, 0.040% due April 2, 2015	18.88	195,982,752	196,000,000
Total United States Treasury Obligations (cost \$1,239,959,830)	119.46%	\$ 1,239,965,626	

^(a) Security may be traded on a discount basis. The interest rate shown represents the discount rate at the most recent auction date of the security prior to period end.

^(b) A portion of United States Treasury Obligations are on deposit with the commodity broker and held as margin for open futures contracts. See Note 3 for additional information.

Description	Percentage of Shareholders Equity	Unrealized Appreciation/ (Depreciation) as a Percentage of Shareholders Equity	Unrealized Appreciation/ (Depreciation) ^(c)	Notional Market Value
Commodity Futures Contracts				
CBOT Corn (6,558 contracts, settlement date December 14, 2015)	0.23%		\$ 2,415,913	\$ 138,045,900
CBOT Soybean (2,693 contracts, settlement date November 13, 2015)	0.50		5,179,200	135,390,575
CBOT Wheat (2,191 contracts, settlement date July 14, 2015)	(0.66)		(6,848,475)	65,456,125
CBOT Wheat KCB (2,356 contracts, settlement date July 14, 2015)	(0.62)		(6,492,575)	74,891,350
CME Cattle Feeder (396 contracts, settlement date March 26, 2015)	(0.27)		(2,770,213)	43,030,350
CME Lean Hogs (2,546 contracts, settlement date February 13, 2015)	(0.65)		(6,781,800)	82,694,080
CME Live Cattle (2,019 contracts, settlement date February 27, 2015)	(0.27)		(2,844,780)	132,082,980
MGE Red Wheat (303 contracts, settlement date July 14, 2015)	0.07		734,238	9,654,338
NYB-ICE Cocoa (4,180 contracts, settlement date March 16, 2015)	0.13		1,300,580	121,638,000

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NYB-ICE Coffee (1,737 contracts, settlement date March 19, 2015)	(1.37)	(14,188,538)	108,519,075
NYB-ICE Cotton (986 contracts, settlement date March 09, 2015)	(0.08)	(800,860)	29,713,110
NYB-ICE Sugar (7,445 contracts, settlement date June 30, 2015)	(2.40)	(24,894,890)	127,160,600
Total Commodity Futures Contracts	(5.39)%	\$ (55,992,200)	\$ 1,068,276,483

^(c) *Unrealized appreciation/(depreciation) is presented above, net by contract.*
 See accompanying Notes to Unaudited Financial Statements which are an integral part of the financial statements.

Table of Contents*PowerShares DB Agriculture Fund**Statements of Income and Expenses**For the Three and Six Months Ended June 30, 2015 and 2014**(Unaudited)*

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Income				
Interest Income	\$ 40,889	\$ 137,246	\$ 90,717	\$ 301,279
Expenses				
Management Fee	1,868,253	3,206,209	3,744,560	5,989,637
Brokerage Commissions and Fees	206,595	374,522	360,578	603,461
Total Expenses	2,074,848	3,580,731	4,105,138	6,593,098
Net investment income (loss)	(2,033,959)	(3,443,485)	(4,014,421)	(6,291,819)
Net Realized and Net Change in Unrealized Gain (Loss) on United States Treasury Obligations and Commodity Futures Contracts				
Net Realized Gain (Loss) on				
United States Treasury Obligations	281	1,952	2,537	3,791
Commodity Futures Contracts	(72,361,799)	23,300,585	(138,212,975)	106,462,002
Net realized gain (loss)	(72,361,518)	23,302,537	(138,210,438)	106,465,793
Net Change in Unrealized Gain (Loss) on				
United States Treasury Obligations	9,676	(26,270)	10,034	(4,420)
Commodity Futures Contracts	124,843,438	(67,431,627)	87,245,055	51,664,076
Net change in unrealized gain (loss)	124,853,114	(67,457,897)	87,255,089	51,659,656
Net realized and net change in unrealized gain (loss) on United States Treasury Obligations and Commodity Futures Contracts	52,491,596	(44,155,360)	(50,955,349)	158,125,449
Net Income (Loss)	\$ 50,457,637	\$ (47,598,845)	\$ (54,969,770)	\$ 151,833,630

See accompanying Notes to Unaudited Financial Statements which are an integral part of the financial statements.

Table of Contents*PowerShares DB Agriculture Fund**Statement of Changes in Shareholders' Equity**For the Three Months Ended June 30, 2015**(Unaudited)*

	General Shares		Shares		Total Shareholders Equity
	Shares	Total Equity	Shares	Total Equity	
Balance at April 1, 2015	40	\$ 885	39,000,000	\$ 862,974,965	\$ 862,975,850
Sale of Shares			2,600,000	58,504,519	58,504,519
Redemption of Shares			(400,000)	(8,964,904)	(8,964,904)
Net Increase (Decrease) due to Share Transactions			2,200,000	49,539,615	49,539,615
Net Income (Loss)					
Net investment income (loss)		(2)		(2,033,957)	(2,033,959)
Net realized gain (loss) on United States Treasury Obligations and Commodity Futures Contracts		(79)		(72,361,439)	(72,361,518)
Net change in unrealized gain (loss) on United States Treasury Obligations and Commodity Futures Contracts		131		124,852,983	124,853,114
Net Income (Loss)		50		50,457,587	50,457,637
Net Change in Shareholders' Equity		50	2,200,000	99,997,202	99,997,252
Balance at June 30, 2015	40	\$ 935	41,200,000	\$ 962,972,167	\$ 962,973,102

See accompanying Notes to Unaudited Financial Statements which are an integral part of the financial statements.

Table of Contents*PowerShares DB Agriculture Fund**Statement of Changes in Shareholders' Equity**For the Three Months Ended June 30, 2014**(Unaudited)*

	General Shares		Shares		Total Shareholders' Equity
	Shares	Total Equity	Shares	Total Equity	
Balance at April 1, 2014	40	\$ 1,134	54,000,000	\$ 1,530,970,766	\$ 1,530,971,900
Sale of Shares			3,000,000	86,091,526	86,091,526
Redemption of Shares			(5,600,000)	(157,396,830)	(157,396,830)
Net Increase (Decrease) due to Share Transactions			(2,600,000)	(71,305,304)	(71,305,304)
Net Income (Loss)					
Net investment income (loss)		(2)		(3,443,483)	(3,443,485)
Net realized gain (loss) on United States Treasury Obligations and Commodity Futures Contracts		17		23,302,520	23,302,537
Net change in unrealized gain (loss) on United States Treasury Obligations and Commodity Futures Contracts		(50)		(67,457,847)	(67,457,897)
Net Income (Loss)		(35)		(47,598,810)	(47,598,845)
Net Change in Shareholders' Equity		(35)	(2,600,000)	(118,904,114)	(118,904,149)
Balance at June 30, 2014	40	\$ 1,099	51,400,000	\$ 1,412,066,652	\$ 1,412,067,751

See accompanying Notes to Unaudited Financial Statements which are an integral part of the financial statements.

Table of Contents*PowerShares DB Agriculture Fund**Statement of Changes in Shareholders' Equity**For the Six Months Ended June 30, 2015**(Unaudited)*

	General Shares		Shares		Total Shareholders' Equity
	Shares	Total Equity	Shares	Total Equity	
Balance at January 1, 2015	40	\$ 993	41,800,000	\$ 1,037,946,716	\$ 1,037,947,709
Sale of Shares			5,000,000	112,098,407	112,098,407
Redemption of Shares			(5,600,000)	(132,103,244)	(132,103,244)
Net Increase (Decrease) due to Share Transactions			(600,000)	(20,004,837)	(20,004,837)
Net Income (Loss)					
Net investment income (loss)		(4)		(4,014,417)	(4,014,421)
Net realized gain (loss) on United States Treasury Obligations and Commodity Futures Contracts		(146)		(138,210,292)	(138,210,438)
Net change in unrealized gain (loss) on United States Treasury Obligations and Commodity Futures Contracts		92		87,254,997	87,255,089
Net Income (Loss)		(58)		(54,969,712)	(54,969,770)
Net Change in Shareholders' Equity		(58)	(600,000)	(74,974,549)	(74,974,607)
Balance at June 30, 2015	40	\$ 935	41,200,000	\$ 962,972,167	\$ 962,973,102

See accompanying Notes to Unaudited Financial Statements which are an integral part of the financial statements.

Table of Contents*PowerShares DB Agriculture Fund**Statement of Changes in Shareholders' Equity**For the Six Months Ended June 30, 2014**(Unaudited)*

	General Shares		Shares		Total Shareholders' Equity
	Shares	Total Equity	Shares	Total Equity	
Balance at January 1, 2014	40	\$ 971	50,200,000	\$ 1,218,755,999	\$ 1,218,756,970
Sale of Shares			10,600,000	297,742,680	297,742,680
Redemption of Shares			(9,400,000)	(256,265,529)	(256,265,529)
Net Increase (Decrease) due to Share Transactions			1,200,000	41,477,151	41,477,151
Net Income (Loss)					
Net investment income (loss)		(5)		(6,291,814)	(6,291,819)
Net realized gain (loss) on United States Treasury Obligations and Commodity Futures Contracts		90		106,465,703	106,465,793
Net change in unrealized gain (loss) on United States Treasury Obligations and Commodity Futures Contracts		43		51,659,613	51,659,656
Net Income (Loss)		128		151,833,502	151,833,630
Net Change in Shareholders' Equity		128	1,200,000	193,310,653	193,310,781
Balance at June 30, 2014	40	\$ 1,099	51,400,000	\$ 1,412,066,652	\$ 1,412,067,751

See accompanying Notes to Unaudited Financial Statements which are an integral part of the financial statements.

Table of Contents*PowerShares DB Agriculture Fund**Statements of Cash Flows**For the Six Months Ended June 30, 2015 and 2014**(Unaudited)*

	Six Months Ended June 30,	
	2015	2014
Cash flows from operating activities:		
Net Income (Loss)	\$ (54,969,770)	\$ 151,833,630
Adjustments to reconcile net income (loss) to net cash provided by (used for) operating activities:		
Cost of securities purchased	(1,584,915,110)	(2,939,706,375)
Proceeds from securities sold and matured	1,776,998,805	2,773,995,853
Net accretion of discount on United States Treasury Obligations	(95,783)	(301,306)
Net realized (gain) loss on United States Treasury Obligations	(2,537)	(3,791)
Net change in unrealized (gain) loss on United States Treasury Obligations and Commodity Futures Contracts	(87,255,089)	(51,659,656)
Cash transfer to Commodity Broker to satisfy variation margin requirements (Note 4)	(88,823,232)	
Cash received (paid) to Commodity Broker to satisfy open variation margin, net (Note 4)	120,076,088	
Change in operating receivables and payables:		
Variation margin receivable	(23,453,007)	
Management fee payable	(182,738)	73,364
Brokerage fee payable	(186)	4,352
Net cash provided by (used for) operating activities	57,377,441	(65,763,929)
Cash flows from financing activities:		
Proceeds from sale of Shares	102,749,163	292,248,257
Redemption of Shares	(137,069,498)	(265,978,402)
Net cash provided by (used for) financing activities	(34,320,335)	26,269,855
Net change in cash	23,057,106	(39,494,074)
Cash at beginning of period ^(a)	50,738,487	45,303,391
Cash at end of period ^{(a)(b)}	\$ 73,795,593	\$ 5,809,317

^(a) Cash at December 31, 2014 and prior reflects cash held by the Predecessor Commodity Broker.

^(b) Cash at June 30, 2015 reflects cash held by the Custodian.

See accompanying Notes to Unaudited Financial Statements which are an integral part of the financial statements.

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PowerShares DB Agriculture Fund

Notes to Unaudited Financial Statements

June 30, 2015

(1) Background

On October 24, 2014, DB Commodity Services LLC, a Delaware limited liability company (*DBCS*), DB U.S. Financial Markets Holding Corporation (*DBUSH*) and Invesco PowerShares Capital Management LLC (*Invesco*) entered into an Asset Purchase Agreement (the *Agreement*). *DBCS* is a wholly-owned subsidiary of *DBUSH*. *DBCS* agreed to transfer and sell to *Invesco* all of *DBCS* 's interest in 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, including the sole and exclusive power to direct the business and affairs of the Trust and the Fund, as well as certain other assets pertaining to the management of the Trust and the Fund, pursuant to the terms and conditions of the Agreement (the *Transaction*).

The Transaction was consummated on February 23, 2015 (the *Closing Date*). *Invesco* now serves as the managing owner (the *Managing Owner*), commodity pool operator and commodity trading advisor of the Trust and the Fund, in replacement of *DBCS* (the *Predecessor Managing Owner*).

(2) Organization

The Fund is a separate series of the Trust. The Trust is a Delaware statutory trust organized in seven separate series and was formed on August 3, 2006. The Predecessor Managing Owner seeded the Fund with a capital contribution of \$1,000 in exchange for 40 General Shares of the Fund. The General Shares were sold to the Managing Owner by the Predecessor Managing Owner pursuant to the terms of the Agreement. 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 Fifth Amended and Restated Declaration of Trust and Trust Agreement of the Trust (the *Trust Agreement*). The Fund has an unlimited number of shares authorized for issuance.

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 proceeds from the offering of Shares are invested in the Fund. The Fund commenced investment operations on January 3, 2007. The Fund commenced trading on the American Stock Exchange (which became 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 June 30, 2015 and 2014 (hereinafter referred to as the *Three Months Ended June 30, 2015* and the *Three Months Ended June 30, 2014* , respectively) and the six months ended June 30, 2015 and 2014 (hereinafter referred to as the *Six Months Ended June 30, 2015* and the *Six Months Ended June 30, 2014* , respectively). The Fund 's performance information from inception up to and excluding the Closing Date is a reflection of the performance associated with the Predecessor Managing Owner. The Managing Owner has served as managing owner of the Fund since the Closing Date, and the Fund 's performance information since the Closing Date is a reflection of the performance associated with the Managing Owner. Past performance of the Fund is not necessarily indicative of future performance.

The accompanying unaudited financial statements were prepared in accordance with accounting principles generally accepted in the United States of America (*U.S. GAAP*) for interim financial information and with the instructions for Form 10-Q and the rules and regulations of the U.S. Securities and Exchange Commission (the *SEC*). In the opinion of management, all material adjustments, consisting only of normal recurring adjustments, considered necessary for a fair statement of the interim period financial statements have been made. Interim period results are not necessarily indicative of results for a full-year period. These financial statements and the notes thereto should be read in conjunction with the Fund 's financial statements included in its Annual Report on Form 10-K for the year ended December 31, 2014 as filed with the SEC on March 2, 2015.

(3) 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 over the expenses of the Fund.

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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). The Fund also holds United States Treasury Obligations on deposit with the Custodian and with the Commodity Broker as margin.

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PowerShares DB Agriculture Fund

Notes to Unaudited Financial Statements (Continued)

June 30, 2015

The Commodity Futures Trading Commission (the "CFTC") and/or commodity exchanges, as applicable, impose position limits on market participants trading in all eleven commodities futures contracts 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 Prospectus, 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 Index Contract, the Fund may invest in a futures 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.

The Fund reached its position limits with respect to its future contracts for Wheat prior to December 31, 2014. The Fund established positions in Red Wheat as proxies in lieu of the positions as provided by the Index. The Fund has not reached position limits with respect to the 2015 reporting periods.

The Fund holds United States Treasury Obligations for deposit with the Fund's Commodity Broker (as defined below) as margin. The Fund does not borrow money to increase leverage. As of June 30, 2015 and December 31, 2014, the Fund had \$118,453,007 (or 12.29% of its total assets) and \$1,234,711,913 (or 99.60% of its total assets), respectively, of its holdings of cash, United States Treasury Obligations and unrealized appreciation/depreciation on futures contracts on deposit with its Commodity Broker or its Predecessor Commodity Broker (as defined below), as applicable. Of this, \$95,000,000 (or 9.86%) and \$54,266,610 (or 4.38%) was required to be deposited to satisfy maintenance margin