

POWERSHARES DB AGRICULTURE FUND
Form 10-Q
May 10, 2016

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, 2016

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number: 001-33238

POWERSHARES DB AGRICULTURE FUND

(A Series of PowerShares DB Multi-Sector Commodity Trust)

(Exact name of Registrant as specified in its charter)

Delaware
(State or Other Jurisdiction of

Incorporation or Organization)

87-0778078
(I.R.S. Employer

Identification No.)

c/o Invesco PowerShares Capital Management LLC 60515

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3500 Lacey Road, Suite 700

Downers Grove, Illinois

(Address of Principal Executive Offices)

(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 March 31, 2016: 32,400,000 Shares.

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

QUARTER ENDED MARCH 31, 2016

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS.

PowerShares DB Agriculture Fund

Statements of Financial Condition

March 31, 2016 and December 31, 2015

(Unaudited)

	March 31, 2016	December 31, 2015
Assets		
United States Treasury Obligations, at fair value (cost \$644,799,942 and \$626,932,029, respectively) ^(a)	\$644,870,145	\$626,952,136
Cash held by custodian	23,290,829	45,309,372
Variation margin receivable	—	2,158,236
Receivable for securities sold	2,999,993	—
Total assets	\$671,160,967	\$674,419,744
Liabilities		
Variation margin payable	\$3,633,567	\$—
Management fee payable	471,568	536,118
Brokerage fee payable	4,997	4,999
Total liabilities	4,110,132	541,117
Commitments and Contingencies (Note 9)		
Equity		
Shareholder's equity - General Shares	824	827
Shareholders' equity - Shares	667,050,011	673,877,800
Total shareholder's equity	667,050,835	673,878,627
Total liabilities and equity	\$671,160,967	\$674,419,744
General Shares outstanding	40	40
Shares outstanding	32,400,000	32,600,000
Net asset value per Share	\$20.59	\$20.67
Market value per Share	\$20.59	\$20.62

(a) \$81,357,933 and \$94,990,500, respectively is restricted for maintenance margin purposes.

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

PowerShares DB Agriculture Fund

Schedule of Investments

March 31, 2016

(Unaudited)

Description	Percentage of		
	Shareholders'		
	Equity	Fair Value	Face Value
United States Treasury Obligations ^(a)			
U.S. Treasury Bills, 0.275% due April 7, 2016 ^(b)	26.98	% \$ 179,996,760	\$ 180,000,000
U.S. Treasury Bills, 0.270% due April 21, 2016	20.99	% 139,992,300	140,000,000
U.S. Treasury Bills, 0.200% due April 28, 2016	14.99	% 99,987,600	100,000,000
U.S. Treasury Bills, 0.325% due June 2, 2016	13.49	% 89,976,510	90,000,000
U.S. Treasury Bills, 0.235% due July 7, 2016	20.22	% 134,916,975	135,000,000
Total United States Treasury Obligations (cost \$644,799,942)	96.67	% \$644,870,145	

(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) All or a portion of United States Treasury Obligations are on deposit with the Commodity Broker and held as maintenance margin for open futures contracts.

Description	Unrealized		
	Appreciation/ (Depreciation)		
	as a		
	Percentage of	Unrealized	Notional
	Shareholders'	Appreciation/ (Depreciation)	Market
	Equity	^(c)	Value
Commodity Futures Contracts			
CBOT Corn (4,238 contracts, settlement date September 14, 2016)	(1.10	)% \$ (7,365,028)	\$ 76,389,950
CBOT Soybean (1,888 contracts, settlement date November 14, 2016)	0.41	% 2,758,618	87,296,400
CBOT Wheat (1,617 contracts, settlement date July 14, 2016)	(0.59	)% (3,929,125)	38,868,637
CBOT Wheat KCB (1,615 contracts, settlement date July 14, 2016)	(1.18)% (7,866,242)	39,325,250

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CME Cattle Feeder (336 contracts, settlement date May 26, 2016)	(0.05)%	(309,386)	26,082,000
CME Lean Hogs (1,934 contracts, settlement date June 14, 2016)	(0.03	)%	(195,370	)	62,545,560
CME Live Cattle (1,650 contracts, settlement date June 30, 2016)	(0.22	)%	(1,451,648	)	81,856,500
NYB-ICE Cocoa (2,275 contracts, settlement date May 13, 2016)	0.44	%	2,916,807		67,112,500
NYB-ICE Coffee (1,584 contracts, settlement date May 18, 2016)	0.45	%	2,988,609		75,705,300
NYB-ICE Cotton (584 contracts, settlement date May 06, 2016)	(0.11	)%	(767,942	)	17,064,480
NYB-ICE Sugar (5,428 contracts, settlement date September 30, 2016)	2.51	%	16,738,700		94,898,810
Total Commodity Futures Contracts	0.53	%	\$ 3,517,993		\$667,145,387

(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.

PowerShares DB Agriculture Fund

Schedule of Investments

December 31, 2015

(Unaudited)

Description	Percentage of		
	Shareholders'		
	Equity	Fair Value	Face Value
United States Treasury Obligations ^{(a)(b)}			
U.S. Treasury Bills, 0.235% due January 7, 2016	8.90	% \$59,999,760	\$60,000,000
U.S. Treasury Bills, 0.205% due January 14, 2016	20.78	139,996,080	140,000,000
U.S. Treasury Bills, 0.195% due January 21, 2016	20.77	139,994,260	140,000,000
U.S. Treasury Bills, 0.170% due January 28, 2016	14.10	94,992,210	95,000,000
U.S. Treasury Bills, 0.200% due February 4, 2016	1.19	7,999,376	8,000,000
U.S. Treasury Bills, 0.135% due February 11, 2016	12.91	86,988,516	87,000,000
U.S. Treasury Bills, 0.140% due February 25, 2016	2.52	16,998,334	17,000,000
U.S. Treasury Bills, 0.280% due March 10, 2016	11.87	79,983,600	80,000,000
Total United States Treasury Obligations (cost \$626,932,029)	93.04	% \$626,952,136	

(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 year end.

(b) A portion of United States Treasury Obligations are on deposit with the Commodity Broker and held as maintenance margin for open futures contracts.

Description	Unrealized		
	Appreciation/ (Depreciation)		
	as a		
	Percentage of	Unrealized	Notional
	Shareholders'	Appreciation/ (Depreciation)	Market
	Equity	^(c)	Value
Commodity Futures Contracts			
CBOT Corn (4,273 contracts, settlement date September 14, 2016)	(0.68)% \$ (4,598,933)	\$80,172,162
	(0.17) (1,150,721)	83,993,662

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CBOT Soybean (1,903 contracts, settlement date November 14, 2016)				
CBOT Wheat (1,628 contracts, settlement date July 14, 2016)	(0.59)	(3,988,618) 39,336,550
CBOT Wheat KCB (1,629 contracts, settlement date July 14, 2016)	(1.24	)	(8,354,144	) 39,808,688
CME Cattle Feeder (336 contracts, settlement date March 24, 2016)	0.20		1,387,903	27,493,200
CME Lean Hogs (2,455 contracts, settlement date February 12, 2016)	0.28		1,863,261	58,723,600
CME Live Cattle (1,550 contracts, settlement date February 29, 2016)	(0.04	)	(256,953	) 84,816,000
NYB-ICE Cocoa (2,298 contracts, settlement date March 15, 2016)	(0.16	)	(1,082,753	) 73,788,780
NYB-ICE Coffee (1,624 contracts, settlement date March 18, 2016)	0.39		2,646,488	77,160,300
NYB-ICE Cotton (595 contracts, settlement date March 08, 2016)	0.06		378,459	18,825,800
NYB-ICE Sugar (5,473 contracts, settlement date September 30, 2016)	1.82		12,298,832	89,984,877
Total Commodity Futures Contracts	(0.13	)%	\$ (857,179	) \$674,103,619

(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.

PowerShares DB Agriculture Fund

Statements of Income and Expenses

For the Three Months Ended March 31, 2016 and 2015

(Unaudited)

	Three Months Ended	
	March 31, 2016	2015
Income		
Interest Income	\$ 319,313	\$ 49,828
Expenses		
Management Fee	1,357,655	1,876,307
Brokerage Commissions and Fees	93,154	153,983
Interest Expense ^(a)	2,387	—
Total Expenses	1,453,196	2,030,290
Net Investment Income (Loss)	(1,133,883)	(1,980,462)
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	90	2,256
Commodity Futures Contracts	(7,117,806)	(65,851,176)
Net Realized Gain (Loss)	(7,117,716)	(65,848,920)
Net Change in Unrealized Gain (Loss) on		
United States Treasury Obligations	50,096	358
Commodity Futures Contracts	4,375,172	(37,598,383)
Net Change in Unrealized Gain (Loss)	4,425,268	(37,598,025)
Net Realized and Net Change in Unrealized Gain (Loss) on United States Treasury Obligations and Commodity Futures Contracts		
	(2,692,448)	(103,446,945)
Net Income (Loss)	\$(3,826,331)	\$(105,427,407)

(a) Interest Expense for the period ended March 31, 2016 represents interest expense on overdraft balances. These amounts are included in Interest Income for the period ended March 31, 2015.
See accompanying Notes to Unaudited Financial Statements which are an integral part of the financial statements.

PowerShares DB Agriculture Fund

Statement of Changes in Shareholders' Equity

For the Three Months Ended March 31, 2016

(Unaudited)

	General Shares	Shares	Total	Total Shareholders'	
	Shares	Equity	Equity	Equity	
Balance at January 1, 2016	40	\$ 827	32,600,000	\$673,877,800	\$673,878,627
Sale of Shares			2,200,000	45,470,058	45,470,058
Redemption of Shares			(2,400,000)	(48,471,519)	(48,471,519)
Net Increase (Decrease) due to Share Transactions			(200,000)	(3,001,461)	(3,001,461)
Net Income (Loss)					
Net Investment Income (Loss)		(1)		(1,133,882)	(1,133,883)
Net Realized Gain (Loss) on United States Treasury					
Obligations and Commodity Futures Contracts		(5)		(7,117,711)	(7,117,716)
Net Change in Unrealized Gain (Loss) on United States					
Treasury Obligations and Commodity Futures					
Contracts		3		4,425,265	4,425,268
Net Income (Loss)		(3)		(3,826,328)	(3,826,331)
Net Change in Shareholders' Equity		— (3)	(200,000)	(6,827,789)	(6,827,792)
Balance at March 31, 2016	40	\$ 824	32,400,000	\$667,050,011	\$667,050,835

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

PowerShares DB Agriculture Fund

Statement of Changes in Shareholders' Equity

For the Three Months Ended March 31, 2015

(Unaudited)

	General Shares Total	Shares	Total	Total Shareholder's Equity
Balance at January 01, 2015	40 \$ 993	41,800,000	\$ 1,037,946,716	\$ 1,037,947,709
Sale of Shares		2,400,000	53,593,888	53,593,888
Redemption of Shares		(5,200,000)	(123,138,340)	(123,138,340)
Net Increase (Decrease) due to Share Transactions		(2,800,000)	(69,544,452)	(69,544,452)
Net Income (Loss)				
Net Investment Income (Loss)	(2)		(1,980,460)	(1,980,462)
Net Realized Gain (Loss) on United States Treasury Obligations and Commodity Futures Contracts	(67)		(65,848,853)	(65,848,920)
Net Change in Unrealized Gain (Loss) on United States Treasury Obligations and Commodity Futures Contracts	(39)		(37,597,986)	(37,598,025)
Net Income (Loss)	(108)		(105,427,299)	(105,427,407)
Net Change in Shareholders' Equity	(108)	(2,800,000)	(174,971,751)	(174,971,859)
Balance at March 31, 2015	40 \$ 885	39,000,000	\$ 862,974,965	\$ 862,975,850

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

PowerShares DB Agriculture Fund

Statements of Cash Flows

For the Three Months Ended March 31, 2016 and 2015

(Unaudited)

	Three Months Ended	
	March 31,	March 31,
	2016	2015
Cash flow from operating activities:		
Net Income (Loss)	\$(3,826,331)	\$(105,427,407)
Adjustments to reconcile net income (loss) to net cash provided by (used for) operating activities:		
Cost of securities purchased	(647,548,502)	(712,952,177)
Proceeds from securities sold and matured	626,999,999	1,048,998,868
Net accretion of discount on United States Treasury Obligations	(319,313)	(51,523)
Net realized (gain) loss on United States Treasury Obligations	(90)	(2,256)
Net change in unrealized (gain) loss on United States Treasury Obligations and Commodity Futures Contracts	(50,096)	37,598,025
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)	—	(4,767,351)
Change in operating receivables and liabilities:		
Variation margin	5,791,803	8,890,928
Variation margin payable		
Management fee payable	(64,550)	(204,744)
Brokerage fee payable	(2)	(2,097)
Net cash provided by (used for) operating activities	(19,017,082)	183,257,034
Cash flows from financing activities:		
Proceeds from sale of Shares	45,470,058	53,593,888
Redemption of Shares	(48,471,519)	