

DB Commodity Services LLC

Deutsche Bank 
Group

DB Commodity Services LLC
60 Wall Street
5th Floor
New York, NY 10005

Dear Investor,

Please find enclosed the audited, annual financial report for the PowerShares DB Agriculture Fund (DBA). You can find additional information on fund performance at <http://dbfunds.db.com>.

Thank you again for your investment in this fund. If you have any questions or comments, please call (877) 369-4617.

Best Regards,

DB Commodity Services LLC

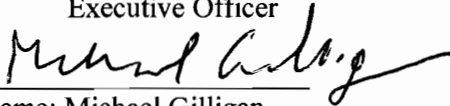
To the best of the knowledge and belief of the undersigned, the information contained in this Annual Report of PowerShares DB Agriculture Fund, a series of PowerShares DB Multi-Sector Commodity Trust, and DB Agriculture Master Fund, a series of DB Multi-Sector Commodity Master Trust, is accurate and complete.

PowerShares DB Multi-Sector Commodity Trust with respect to PowerShares DB Agriculture Fund

By: DB Commodity Services LLC,
its Managing Owner

By: 

Name: Kevin Rich
Title: Managing Director and Chief Executive Officer

By: 

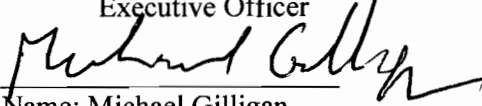
Name: Michael Gilligan
Title: Principal Financial Officer

DB Multi-Sector Commodity Master Trust with respect to DB Agriculture Master Fund

By: DB Commodity Services LLC,
its Managing Owner

By: 

Name: Kevin Rich
Title: Managing Director and Chief Executive Officer

By: 

Name: Michael Gilligan
Title: Principal Financial Officer

Dated: February 27, 2009



KPMG LLP
345 Park Avenue
New York, NY 10154

Report of Independent Registered Public Accounting Firm

The Board of Managers of DB Commodity Services, LLC
The Shareholders of PowerShares DB Agriculture Fund and Subsidiary:

We have audited the accompanying consolidated statements of financial condition, including the consolidated schedules of investments, of PowerShares DB Agriculture Fund and Subsidiary (the Fund) as of December 31, 2008 and 2007, and the related consolidated statements of income and expenses, changes in shareholders' equity, and cash flows for the year ended December 31, 2008, and the period from January 3, 2007 (commencement of investment operations) to December 31, 2007. These consolidated financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of PowerShares DB Agriculture Fund and Subsidiary as of December 31, 2008 and 2007, and the results of their operations and their cash flows for the year ended December 31, 2008, and the period from January 3, 2007 (commencement of investment operations) to December 31, 2007, in conformity with U.S. generally accepted accounting principles.

KPMG LLP

New York, New York
February 23, 2009

PowerShares DB Agriculture Fund and Subsidiary
Consolidated Statements of Financial Condition
December 31, 2008 and 2007

	2008	2007
Assets		
Equity in broker trading accounts:		
United States Treasury Obligations, at fair value (cost \$404,869,788 and \$1,034,673,552, respectively)	\$ 404,892,805	\$ 1,034,833,498
Cash held by broker	732,849,487	-
Net unrealized appreciation (depreciation) on futures contracts	(73,202,267)	139,389,550
Deposits with broker	1,064,540,025	1,174,223,048
Receivable for Shares issued	-	6,562,700
Total assets	\$ 1,064,540,025	\$ 1,180,785,748
 Liabilities and shareholders' equity		
Payable to broker	\$ -	\$ 58,523,025
Payable for securities purchased	-	5,956,083
Management fee payable	627,835	610,088
Brokerage fee payable	15,537	32,991
Non controlling interest in consolidated subsidiary - related party	1,038	1,000
Total liabilities	644,410	65,123,187
 Commitments and Contingencies (Note 9)		
 Shareholders' equity		
General shares:		
Paid in capital - 40 shares issued and outstanding as of December 31, 2008 and 2007, respectively	1,000	1,000
Accumulated earnings	38	313
Total General shares	1,038	1,313
 Shares:		
Paid in capital - 41,000,000 and 34,000,000 redeemable shares issued and outstanding as of December 31, 2008 and 2007, respectively	1,391,803,646	953,481,076
Accumulated earnings (deficit)	(327,909,069)	162,180,172
Total Shares	1,063,894,577	1,115,661,248
 Total shareholders' equity	1,063,895,615	1,115,662,561
 Total liabilities and shareholders' equity	\$ 1,064,540,025	\$ 1,180,785,748
 Net asset value per share		
General shares	\$ 25.95	\$ 32.83
Shares	\$ 25.95	\$ 32.81

See accompanying notes to consolidated financial statements.

PowerShares DB Agriculture Fund and Subsidiary
Consolidated Schedule of Investments
December 31, 2008

Description	Percentage of Net Assets		Fair Value	Face Value
U.S. Treasury Obligations				
U.S. Treasury Bills, 0.95% due January 15, 2009	14.29	%	\$ 151,999,240	\$ 152,000,000
U.S. Treasury Bills, 0.65% due January 22, 2009	14.65		155,899,377	155,900,000
U.S. Treasury Bills, 0.03% due January 29, 2009	0.66		6,999,846	7,000,000
U.S. Treasury Bills, 0.53% due February 5, 2009	1.41		14,999,595	15,000,000
U.S. Treasury Bills, 0.355% due February 12, 2009	4.51		47,998,464	48,000,000
U.S. Treasury Bills, 0.14% due March 5, 2009	1.69		17,996,994	18,000,000
U.S. Treasury Bills, 0.005% due March 12, 2009	0.85		8,999,289	9,000,000
Total U.S. Treasury Obligations (cost \$404,869,788)	<u>38.06</u>	<u>%</u>	<u>404,892,805</u>	

A portion of the above United States Treasury Obligations are held as initial margin against open futures contracts, as noted in Note 4(e).

Description	Percentage of Net Assets		Fair Value
Unrealized Appreciation/(Depreciation) on Futures Contracts			
Corn (11,301 contracts, settlement date December 14, 2009)	(0.12)	%	\$ (1,332,863)
Soybean (5,221 contracts, settlement date November 13, 2009)	0.56		5,973,613
Sugar (18,192 contracts, settlement date June 30, 2009)	(2.07)		(21,984,054)
Wheat (1,499 contracts, settlement date December 14, 2009)	0.32		3,361,900
Wheat (4,999 contracts, settlement date July 14, 2009)	(5.38)		(57,215,575)
Wheat KCB (2,275 contracts, settlement date July 14, 2009)	(0.19)		(2,005,288)
Net Unrealized Depreciation on Futures Contracts	<u>(6.88)</u>	<u>%</u>	<u>\$ (73,202,267)</u>

See accompanying notes to consolidated financial statements.

PowerShares DB Agriculture Fund and Subsidiary
Consolidated Schedule of Investments
December 31, 2007

Description	Percentage of Net Assets		Fair Value	Face Value
United States Treasury Obligations				
U.S. Treasury Bills, 3.10% due January 3, 2008	1.97	%	\$ 21,998,592	\$ 22,000,000
U.S. Treasury Bills, 2.89% due January 10, 2008	10.75		119,934,840	120,000,000
U.S. Treasury Bills, 2.75% due January 17, 2008	8.68		96,893,397	97,000,000
U.S. Treasury Bills, 3.04% due January 24, 2008	4.48		49,919,700	50,000,000
U.S. Treasury Bills, 3.92% due January 31, 2008	7.33		81,807,792	82,000,000
U.S. Treasury Bills, 3.55% due February 7, 2008	9.56		106,689,700	107,000,000
U.S. Treasury Bills, 3.43% due February 14, 2008	0.89		9,965,300	10,000,000
U.S. Treasury Bills, 3.39% due February 21, 2008	3.66		40,831,859	41,000,000
U.S. Treasury Bills, 3.18% due February 28, 2008	4.46		49,763,700	50,000,000
U.S. Treasury Bills, 3.03% due March 6, 2008	8.20		91,503,936	92,000,000
U.S. Treasury Bills, 3.00% due March 13, 2008	12.74		142,132,705	143,000,000
U.S. Treasury Bills, 3.00% due March 20, 2008	10.59		118,187,825	119,000,000
U.S. Treasury Bills, 3.28% due March 27, 2008	9.43		105,204,152	106,000,000
Total United States Treasury Obligations (cost \$1,034,673,552)	<u>92.76</u>	<u>%</u>	<u>\$ 1,034,833,498</u>	

A portion of the above United States Treasury Obligations are held as initial margin against open futures contracts, as noted in Note 4(e)

Description	Percentage of Net Assets		Fair Value
Unrealized Appreciation (Depreciation) on Futures Contracts			
Corn (11,281 contracts, settlement date December 12, 2008)	1.94	%	\$ 21,612,538
Soybean (5,049 contracts, settlement date November 14, 2008)	3.34		37,223,125
Sugar (21,096 contracts, settlement date June 30, 2008)	2.03		22,615,274
Wheat (681 contracts, settlement date July 14, 2008)	0.01		93,313
Wheat (4,999 contracts, settlement date July 14, 2008)	4.92		54,933,625
Wheat (1,499 contracts, settlement date December 12, 2008)	0.26		2,911,675
Net Unrealized Appreciation on Futures Contracts	<u>12.50</u>	<u>%</u>	<u>\$ 139,389,550</u>

See accompanying notes to consolidated financial statements.

PowerShares DB Agriculture Fund and Subsidiary
Consolidated Statements of Income and Expenses
For the Year Ended December 31, 2008 and For the Period Ended December 31, 2007(i)

		<u>2008</u>	<u>2007</u>
Income			
	Interest Income	\$ 36,857,153	\$ 18,653,020
Expenses			
	Management fee	15,159,629	3,200,976
	Brokerage commissions and fees	1,548,579	412,875
	Total expenses	<u>16,708,208</u>	<u>3,613,851</u>
	Net investment income	<u>20,148,945</u>	<u>15,039,169</u>
 Net Realized and Net Change in Unrealized Gain (Loss) on United States Treasury Obligations and Futures			
Net Realized Gain (Loss) on			
	United States Treasury Obligations	1,541,304	4,935
	Futures	<u>(280,961,001)</u>	<u>21,266,903</u>
	Net realized gain (loss)	<u>(279,419,697)</u>	<u>21,271,838</u>
Net Change in Unrealized Gain (Loss) on			
	United States Treasury Obligations	(136,929)	159,946
	Futures	<u>(212,591,817)</u>	<u>139,389,550</u>
	Net change in unrealized gain (loss)	<u>(212,728,746)</u>	<u>139,549,496</u>
	Net realized and net change in unrealized gain (loss) on United States Treasury Obligations and Futures	<u>(492,148,443)</u>	<u>160,821,334</u>
Net Income (Loss)		<u>\$ (471,999,498)</u>	<u>\$ 175,860,503</u>

See accompanying notes to consolidated financial statements.

(i) The Period Ended December 31, 2007 reflects operating results since January 3, 2007, the date of commencement of investment operations.

PowerShares DB Agriculture Fund and Subsidiary
Consolidated Statement of Changes in Shareholders' Equity
For the Year Ended December 31, 2008

	General Shares				Shares				Total
	General Shares		Accumulated Earnings (Deficit)	Total Equity	Shares	Paid in Capital	Accumulated Earnings (Deficit)	Total Equity	Total Shareholders' Equity
	Shares	Paid in Capital			Shares	Paid in Capital			
Balance at January 1, 2008	40	\$ 1,000	\$ 313	\$ 1,313	34,000,000	\$ 953,481,076	\$ 162,180,172	\$ 1,115,661,248	\$ 1,115,662,561
Sale of Shares					64,600,000	2,423,747,438	-	2,423,747,438	2,423,747,438
Redemption of Shares					(57,600,000)	(1,985,424,868)	-	(1,985,424,868)	(1,985,424,868)
Net Loss									
Net investment income			13	13			20,148,932	20,148,932	20,148,945
Net realized loss on									
United States Treasury									
Obligations and Futures			(227)	(227)			(279,419,470)	(279,419,470)	(279,419,697)
Net change in unrealized									
gain (loss) on United									
States Treasury									
Obligations and Futures			(43)	(43)			(212,728,703)	(212,728,703)	(212,728,746)
Net Loss			(257)	(257)			(471,999,241)	(471,999,241)	(471,999,498)
Distributions of net									
investment income (\$0.45									
per Share)			(18)	(18)			(18,090,000)	(18,090,000)	(18,090,018)
Balance at December 31, 2008	<u>40</u>	<u>\$ 1,000</u>	<u>\$ 38</u>	<u>\$ 1,038</u>	<u>41,000,000</u>	<u>\$ 1,391,803,646</u>	<u>\$ (327,909,069)</u>	<u>\$ 1,063,894,577</u>	<u>\$ 1,063,895,615</u>

See accompanying notes to consolidated financial statements.

PowerShares DB Agriculture Fund and Subsidiary
Consolidated Statement of Changes in Shareholders' Equity
For the Period Ended December 31, 2007(i)

	General Shares				Shares				Total
	General Shares				Shares	Paid in Capital	Accumulated Earnings (Deficit)	Total Equity	Total Shareholders' Equity
	Shares	Paid in Capital	Accumulated Earnings	Total Equity	Shares	Paid in Capital	Accumulated Earnings (Deficit)	Total Equity	Total Shareholders' Equity
Balance at January 1, 2007	40	\$ 1,000	\$ -	\$ 1,000	-	\$ -	\$ -	\$ -	\$ 1,000
Sale of Shares					35,200,000	986,237,996	-	986,237,996	986,237,996
Redemption of Shares					(1,200,000)	(32,756,920)	-	(32,756,920)	(32,756,920)
Net Income									
Net investment incomes			41	41			15,039,128	15,039,128	15,039,169
Net realized gain on United States Treasury Obligations and futures			35	35			21,271,803	21,271,803	21,271,838
Net change in unrealized gain (loss) on United States Treasury Obligations and futures			255	255			139,549,241	139,549,241	139,549,496
Net Income			331	331			175,860,172	175,860,172	175,860,503
Distributions of net investment income (\$0.45 per Share)			(18)	(18)			(13,680,000)	(13,680,000)	(13,680,018)
Balance at December 31, 2007	<u>40</u>	<u>\$ 1,000</u>	<u>\$ 313</u>	<u>\$ 1,313</u>	<u>34,000,000</u>	<u>\$ 953,481,076</u>	<u>\$ 162,180,172</u>	<u>\$ 1,115,661,248</u>	<u>\$ 1,115,662,561</u>

See accompanying notes to consolidated financial statements.

(i) The Period Ended December 31, 2007 reflects operating results since January 3, 2007, the date of commencement of investment operations.

PowerShares DB Agriculture Fund and Subsidiary
Consolidated Statements of Cash Flows
For the Year Ended December 31, 2008 and For the Period Ended December 31, 2007(i)

	2008	2007
Cash flow provided by operating activities:		
Net Income (Loss)	\$ (471,999,498)	\$ 175,860,503
Adjustments to reconcile net income (loss) to net cash provided by (used for) operating activities:		
Cost of securities purchased	(8,329,362,032)	(2,241,596,305)
Proceeds from securities sold and matured	8,996,336,756	1,224,931,482
Net accretion of discount on United States Treasury Obligations	(35,629,656)	(18,003,794)
Net realized gain on United States Treasury Obligations	(1,541,304)	(4,935)
Net change in unrealized (gain) loss on United States Treasury Obligations and futures	212,728,746	(139,549,496)
Change in operating receivables and liabilities:		
Receivable for shares issued	6,562,700	(6,562,700)
Payable for securities purchased	(5,956,083)	5,956,083
Payable to broker	(58,523,025)	58,523,025
Management fee payable	17,747	610,088
Brokerage fee payable	(17,454)	32,991
Non controlling interest in consolidated subsidiary - related party	38	1,000
Net cash provided by (used for) operating activities	312,616,935	(939,802,058)
Cash flows from financing activities:		
Proceeds from sale of Shares	2,423,747,438	986,237,996
Redemption of Shares	(1,985,424,868)	(32,756,920)
Cash distributions paid on Shares and General Shares	(18,090,018)	(13,680,018)
Net cash provided by financing activities	420,232,552	939,801,058
Net change in cash held by broker	732,849,487	(1,000)
Cash held by broker at beginning of period	-	1,000
Cash held by broker at end of period	\$ 732,849,487	\$ -

See accompanying notes to consolidated financial statements.

(i) The Period Ended December 31, 2007 reflects operating results since January 3, 2007, the date of commencement of investment operations.

***PowerShares DB Agriculture Fund and Subsidiary
Notes to Consolidated Financial Statements
December 31, 2008***

(1) Organization

PowerShares DB Agriculture Fund (the “Fund”; “Fund” may also refer to the Fund and the Master Fund, collectively, as the context requires), a separate series of PowerShares DB Multi-Sector Commodity Trust (the “Trust”), a Delaware statutory trust organized in seven separate series, and its subsidiary, DB Agriculture Master Fund (the “Master Fund”), a separate series of DB Multi-Sector Commodity Master Trust (the “Master Trust”), a Delaware statutory trust organized in seven separate series were formed on August 3, 2006. DB Commodity Services LLC, a Delaware limited liability company, (“DBCS” or the “Managing Owner”) funded both the Fund and the Master Fund with a capital contribution of \$1,000 in exchange for 40 General Shares of each of the Fund and the Master 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 in the Amended and Restated Declaration of Trust and Trust Agreement of the Trust and the Master Trust (each a “Trust Agreement”, and collectively, the “Trust Agreements”).

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 Master Fund. 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”). The Fund and the Master Fund commenced investment operations on January 3, 2007 with the initial offering of 1,000,000 Shares to Deutsche Bank Securities Inc. as initial purchaser of the Fund in exchange for \$25,000,000. After the initial offering of the Shares, an additional 34,200,000 Shares were issued to certain Authorized Participants for \$961,237,996 and 1,200,000 Shares were redeemed for \$32,756,920 during the period from January 3, 2007 (commencement of investment operations) to December 31, 2007. During the period from January 1, 2008 to December 31, 2008, an additional 64,600,000 Shares were issued to certain Authorized Participants for \$2,423,747,438 and 57,600,000 Shares were redeemed for \$1,985,424,868.

This Report covers the year ended December 31, 2008 (herein referred to as the “Year Ended December 31, 2008”) and the period from January 3, 2007 (commencement of investment operations) to December 31, 2007 (herein referred to as the “Period Ended December 31, 2007”).

(2) Fund Investment Overview

The Master Fund invests 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™”, or the “Index”) plus the excess, if any, of the Master 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 and the Master Fund.

The Index is intended to reflect the change in market value of the agricultural sector. The commodities comprising the Index are corn, wheat, soybeans and sugar (the “Index Commodities”). The Commodity Futures Trading Commission (the “CFTC”) and commodity exchanges impose position limits on market participants trading in certain commodities included in the Index. The Index is comprised of futures contracts on 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 reasonable judgment that it has become impracticable or inefficient for any reason for the Master Fund to gain full or partial exposure to any Index Commodity by investing in a specific Index Contract, the Master 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. In October 2007, the Master Fund reached position limits with respect to the CBOT July wheat futures contract, which was an Index Contract. Since that time, when required to buy wheat to track the Index, the Master Fund has been purchasing CBOT wheat futures contracts expiring in different months as well as wheat futures trading on other United States futures exchanges. In February 2008, the Master Fund reached position limits with respect to the CBOT corn and CBOT soybean contracts in the Index and, through June, purchased futures contracts in the CBOT soybean complex in lieu of those contracts. Commencing July and continuing to October, when required to buy corn and soybean contracts to track the Index, the Master Fund had been purchasing CBOT corn and soybean contracts expiring in different months.

The Master Fund also holds United States Treasury Obligations and other high credit quality short-term fixed income securities for deposit with the Master Fund's commodity broker as margin and for investment.

The Fund does not employ leverage. As of December 31, 2008 and December 31, 2007, the Fund had \$1,064,540,025 (or 100%) and \$1,174,223,048 (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, \$98,093,920 (or 9.21%) and \$59,367,840 (or 5.06%), 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. For additional information, please see the audited Consolidated Schedule of Investments as of December 31, 2008 and the audited Consolidated Schedule of Investments as of December 31, 2007 for a breakdown of the Fund's portfolio holdings.

DBLCI™ and Deutsche Bank Liquid Commodity Index™ are trademarks of Deutsche Bank AG London (the "Index Sponsor"). The Index Sponsor is an affiliate of the Fund, the Master Fund and the Managing Owner.

(3) Service Providers and Related Party Agreements

The Trustee

Under the Trust Agreements, Wilmington Trust Company, the Trustee of the Fund and the Master Fund has delegated to the Managing Owner the exclusive management and control of all aspects of the business of the Trust, the Fund, the Master Trust and the Master 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 and Master Fund as commodity pool operator, commodity trading advisor and managing owner, and is an indirect wholly-owned subsidiary of Deutsche Bank AG. During the Year Ended December 31, 2008, the Fund and the Master Fund incurred Management Fees of \$15,159,629, of which \$627,835 was payable at December 31, 2008. During the Period Ended December 31, 2007, the Fund and Master Fund incurred Management Fees of \$3,200,976 of which \$610,088 was payable at December 31, 2007.

The Commodity Broker

Deutsche Bank Securities Inc., a Delaware corporation, serves as the Master Fund's clearing broker (the "Commodity Broker"). The Commodity Broker is an indirect wholly-owned subsidiary of Deutsche Bank AG. In its capacity as clearing broker, the Commodity Broker executes and clears each of the Master Fund's futures transactions and performs certain administrative services for the Master Fund. The Commodity Broker is an affiliate of the Managing Owner. For the Year Ended December 31, 2008, the Fund and Master Fund incurred brokerage fees of \$1,548,579 of which \$15,537 was payable at December 31, 2008. For the Period Ended December 31, 2007, the Fund and Master Fund incurred brokerage fees of \$412,875 of which \$32,991 was payable at December 31, 2007.

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 Master Fund and the Fund, and have entered into separate administrative, custodian, transfer agency and service agreements (collectively referred to as the "Administration Agreement").

Pursuant to the Administration Agreement, the Administrator performs or supervises the performance of services necessary for the operation and administration of the Fund and the Master 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 Administration Agreement will continue in effect from the commencement of trading operations unless terminated on at least 90 days' prior written notice by either party to the other party. Notwithstanding the foregoing, the

Administrator may terminate the administrative portion of the Administration Agreement upon 30 days' prior written notice if the Fund and/or Master Fund has materially failed to perform its obligations under the Administration Agreement.

The Distributor

ALPS Distributors, Inc. (the "Distributor") provides certain distribution services to the Fund. Pursuant to the Distribution Services Agreement between 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.

The Distribution Services Agreement is terminable without penalty on sixty days' written notice by the Managing Owner or by the Distributor. The Distribution Services Agreement will automatically terminate in the event of its assignment.

Invesco Powershares Capital Management LLC

Under the License Agreement among Invesco Powershares Capital Management LLC (formerly known as 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 "PowerShares®" 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. (formerly known as A I M Distributors, Inc.) ("Invesco Aim Distributors"), an affiliate of Invesco PowerShares Capital Management LLC ("Invesco PowerShares"), the Managing Owner, on behalf of the Fund and the Master 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 and Consolidation

The consolidated financial statements of the Fund have been prepared using U.S. generally accepted accounting principles, and they include the consolidated financial statement balances of the Fund and the Master Fund. 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 provide the Fund and its investors certain controlling rights and abilities over the Master Fund. Consequently, the financial statement balances of the Master Fund have been consolidated with the Fund's financial statement balances beginning January 3, 2007 (commencement of investment operations), and all significant inter-company balances and transactions have been eliminated.

(b) Use of Estimates

The preparation of the consolidated 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 consolidated 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 consolidated 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).

The Fund adopted FASB Statement No. 157, "Fair Value Measurements" (Statement No. 157), effective January 1, 2008. Statement No. 157 establishes 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 under Statement No. 157 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 Master 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 December 31, 2008 was \$98,093,920 which is restricted and held against initial margin of the open futures contracts. Included in the United States Treasury Obligations as of December 31, 2007 was \$59,367,840 which is restricted and held against initial margin of the open futures contracts. The Fund purchased \$6,000,000 notional of United States Treasury Obligations for \$5,956,083, which was unpaid as of December 31, 2007. As a result, a payable for securities purchased was recorded for \$5,956,083 as of December 31, 2007.

(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 December 31, 2008 the Fund had cash held by the Commodity Broker of \$732,849,487 of which \$73,202,267 was on deposit to satisfy the Fund's negative variation margin on open futures contracts. As of December 31, 2007 the Fund held no cash. There were no cash equivalents held by the Fund as of December 31, 2008 and December 31, 2007.

(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 December 31, 2008, the futures contracts held by the Fund were in an unrealized depreciation position of \$73,202,267. As of December 31, 2007, the futures contracts held by the Fund were in an unrealized appreciation position of \$139,389,550, of which the Fund utilized \$58,523,025 to purchase United States Treasury Obligations. No interest expense was incurred by the Fund as unrealized appreciation on open positions of future contracts exceeded the payable to broker by \$80,866,525.

(h) Income Taxes

The Fund and the Master Fund are classified as partnerships for U.S. federal income tax purposes. Accordingly, neither the Fund nor the Master Fund will incur U.S. federal income taxes. No provision for federal, state, and local income taxes has been made in the accompanying consolidated financial statements, as investors are individually liable for income taxes, if any, on their allocable share of the Fund's share of the Master Fund's income, gain, loss, deductions and other items.

The following are the major tax jurisdictions for the Fund and the earliest tax year subject to examination:

Jurisdiction	Tax Year
US Federal	2007
State of New York	2007
New York City	2007
State of Florida	2007
State of Georgia	2007
State of Maine	2007
State of Oregon	2007
State of Utah	2007
State of West Virginia	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 consolidated 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 Master 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 consolidated statement of income and expenses in the period in which the contract is closed or the changes occur, respectively. As of December 31, 2008 and 2007, the futures contracts held by the Fund were in an unrealized depreciation position of \$73,202,267 and an unrealized appreciation position of \$139,389,550, respectively.

(j) Management Fee

The Master Fund pays the Managing Owner a management fee (the "Management Fee"), monthly in arrears, in an amount equal to 0.75% per annum of the daily net asset value of the Master Fund. No separate Management Fee is paid by 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 Master 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 consolidated 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 Year Ended December 31, 2008 and the Period Ended December 31, 2007.

(l) Routine Operational, Administrative and Other Ordinary Expenses

The Managing Owner assumes all routine operational, administrative and other ordinary expenses of the Fund and the Master 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 consolidated statement of income and expenses of the Fund.

(m) Organizational and Offering Costs

All organizational and offering expenses of the Fund and its Master Fund are incurred and assumed by the Managing Owner. 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

The Master Fund pays all fees and expenses, if any, of the Fund and the Master Fund, 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 Year Ended December 31, 2008 and the Period Ended December 31, 2007, the Fund and the Master 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 a fair value hierarchy in accordance with Statement No. 157. See Note 4(c) for discussion of the Fund's policies regarding this hierarchy.

Assets and Liabilities Measured at Fair Value as of December 31, 2008:

United States Treasury Obligations (Level 1)	\$404,892,805
Commodity Futures Contracts (Level 1)	\$(73,202,267)

There were no Level 2 or Level 3 holdings as of December 31, 2008.

(6) Financial Instrument Risk

In the normal course of its business, the Master Fund is 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 Master 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 Master 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 Master 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 Master Fund's risk of loss in the event of counterparty default is typically limited to the amounts recognized in the consolidated statement of financial condition and not represented by the futures contract or notional amounts of the instruments.

The Fund and the Master Fund have not utilized, nor do they expect to utilize in the future, special purpose entities to facilitate off-balance sheet financing arrangements and have 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 Master 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. 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 Master 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.

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

The Fund and the Master Fund commenced investment operations on January 3, 2007 with the initial offering of 1,000,000 Shares to Deutsche Bank Securities Inc. as Initial Purchaser of the Fund in exchange for \$25,000,000. The Shares commenced trading on the NYSE Alternext on January 5, 2007 and, as of November 25, 2008, are listed for trading on the NYSE Arca.

Summary of Share Transactions for the Year Ended December 31, 2008 and the Period Ended December 31, 2007

	<u>Shares</u> <u>Year Ended</u> <u>December 31, 2008</u>	<u>Amount</u> <u>Year Ended</u> <u>December 31, 2008</u>	<u>Shares</u> <u>Period Ended</u> <u>December 31, 2007</u>	<u>Amount</u> <u>Period Ended</u> <u>December 31, 2007</u>
Shares Sold	64,600,000	\$ 2,423,747,438	35,200,000	\$ 986,237,996
Shares Redeemed	(57,600,000)	\$(1,985,424,868)	(1,200,000)	\$ (32,756,920)
Net Increase	<u>7,000,000</u>	<u>\$ 438,322,570</u>	<u>34,000,000</u>	<u>\$ 953,481,076</u>

(8) Profit and Loss Allocations and Distributions

Pursuant to the Amended and Restated Declaration of Trust and Trust Agreement of the Master Trust, income and expenses are allocated pro rata to the Managing Owner as holder of the General Shares and 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 (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 Master 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.

A distribution of \$0.45 per Share from net investment income was declared on December 12, 2008 to Shareholders of record as of the close of business on December 17, 2008, payable on December 30, 2008. On December 30, 2008, the total distribution of \$18,090,000 was paid to Shareholders. On December 30, 2008, the Fund paid \$0.45 per General Share, a total distribution of \$18.00.

A distribution of \$0.45 per Share from net investment income was declared on December 14, 2007 to Shareholders of record as of the close of business on December 19, 2007, payable on December 28, 2007. On December 28, 2007, the total distribution of \$13,680,000 was paid to Shareholders. On December 28, 2007, the Fund paid \$0.45 per General Share, a total distribution of \$18.00.

(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 and the Master 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 Funds. As of December 31, 2008 no claims had been received by the Fund or the Master Fund and it was therefore not possible to estimate the Fund's and the Master Fund's potential future exposure under such indemnification provisions.

(10) Net Asset Value and Financial Highlights

The Fund is presenting the following net asset value and financial highlights related to investment performance and operations for a Share outstanding for the Year Ended December 31, 2008 and the Period Ended December 31, 2007. 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.

The Fund invests substantially all of its assets in the Master Fund in a master-feeder structure. The Fund holds no investment assets other than Master Fund Limited Units. The Fund is the majority Master Fund Limited Unit owner and the Managing Owner holds a minority interest in the Master Fund. Each Share issued by the Fund correlates with the Master Fund Limited Unit issued by the Master Fund and held by the Fund.

Net asset value per Master Fund Limited Unit and Master Fund General Unit (collectively, "Master Fund Units") is the net asset value of the Master Fund divided by the number of outstanding Master Fund Units. Because there is a one-to-one correlation between Shares and the Master Fund Limited Units, the net asset value per Share and the net asset value per Master Fund Limited Unit are equal.

	<u>Year Ended</u> <u>December 31, 2008</u>		<u>Period Ended</u> <u>December 31, 2007</u>	
Net Asset Value				
Initial offering price per Share	\$	-	\$	25.00
Net realized and change in unrealized gain (loss) on United States Treasury Obligations and Futures		(6.76)		7.28
Net investment income		0.35		0.98
Net income (loss)		(6.41)		8.26
Distributions of net investment income on Shares		(0.45)		(0.45)
Net increase (decrease)		(6.86)		7.81
Net asset value per Share, beginning of period		32.81		
Net asset value per Share, end of period	\$	25.95	\$	32.81
Market value per Share, beginning of period	\$	32.99	\$	25.00
Market value per Share, end of period	\$	26.18	\$	32.99
Ratio to average Shares*				
Net investment income		1.00	%	3.49
Total expenses		0.83	%	0.84
Total Return, at net asset value **		(19.54)	%	33.04
Total Return, at market value **		(19.28)	%	33.76

* Percentages are annualized.

** Percentages are not annualized for the Period Ended December 31, 2007 and are calculated based on initial offering price upon commencement of investment operations of \$25.00.

(11) Recently Issued Accounting Standards

In December 2007, the Financial Accounting Standards Board released FASB Statement No. 160, Noncontrolling Interests in Consolidated Financial Statements – an amendment to ARB No. 51 (Statement No. 160). Statement No. 160 requires noncontrolling interests (previously referred to as minority interests) to be reported as a component of equity, which changes the accounting for transactions with noncontrolling interest holders. Statement No. 160 is effective for periods beginning on or after December 15, 2008 and earlier adoption is prohibited. Statement No. 160 will be applied prospectively to all noncontrolling interests including any that arose before the effective date and presentation and disclosure requirements shall be applied retrospectively for all periods presented.

On March 19, 2008, the Financial Accounting Standards Board released FASB Statement No. 161, Disclosures about Derivative Instruments and Hedging Activities (Statement No. 161). Statement No. 161 requires qualitative disclosures about objectives and strategies for using derivatives, quantitative disclosures about fair value amounts of and gains and losses on derivative instruments, and disclosures about credit-risk-related contingent features in derivative agreements. The application of Statement No. 161 is required for fiscal years beginning after November 15, 2008 and interim periods within those fiscal years.

At this time, management is evaluating the implications of these Statements and their impact on the financial statements has not yet been determined.

(12) Recently Adopted Accounting Standards

In September 2006, the Financial Accounting Standards Board issued FASB Statement No. 157, Fair Value Measurement (Statement No. 157). Statement No. 157 defines fair value, establishes a framework for the measurement of fair value, and enhances disclosures about fair value measurements. The Statement does not require any new fair value measures. The Fund adopted Statement No. 157 on January 1, 2008, and has determined that the application of this Statement did not have any impact on its results of operation and financial position.

In July 2006, the Financial Accounting Standards Board issued FASB Interpretation No. 48, Accounting for Uncertainty in Income Taxes, an interpretation of FASB Statement No. 109. FIN 48 clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements and prescribes a threshold of more-likely-than-not for recognition of tax benefits of uncertain tax positions taken or expected to be taken in a tax return. FIN 48 also provides related guidance on measurement, derecognition, classification, interest and penalties, and disclosure. The Fund adopted FIN 48 on January 3, 2007, and has determined that the application of this Statement did not have any impact on its results of operations and financial position.