

DB Commodity Services LLC

Deutsche Bank AG New York
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 Silver Fund (DBS). 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



DB Commodity Services LLC

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

To the best of the knowledge and belief of the undersigned, the information contained in this Annual Report of PowerShares DB Silver Fund, a series of PowerShares DB Multi-Sector Commodity Trust, and DB Silver 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 Silver Fund

By: DB Commodity Services LLC,
its Managing Owner


By: 
Name: Hans Ephraimson
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 Silver Master Fund

By: DB Commodity Services LLC,
its Managing Owner

By: 
Name: Hans Ephraimson
Title: Managing Director and Chief Executive Officer

By: 
Name: Michael Gilligan
Title: Principal Financial Officer

Dated: March 9, 2010



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, and
The Shareholders of PowerShares DB Silver Fund and Subsidiary:

We have audited the accompanying consolidated statements of financial condition, including the consolidated schedules of investments, of PowerShares DB Silver Fund and Subsidiary (the Fund) as of December 31, 2009 and 2008, and the related consolidated statements of income and expenses, changes in shareholders' equity, and cash flows for each of the years in the two-year period ended December 31, 2009, 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 Silver Fund and Subsidiary as of December 31, 2009 and 2008, and the results of their operations and their cash flows for each of the years in the two-year period ended December 31, 2009, 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
March 8, 2010

PowerShares DB Silver Fund and Subsidiary
Consolidated Statements of Financial Condition
December 31, 2009 and 2008

	2009	2008
Assets		
Equity in broker trading accounts:		
United States Treasury Obligations, at fair value (cost \$122,491,379 and \$28,495,286, respectively).....	\$ 122,492,866	\$ 28,498,799
Cash held by broker.....	8,153,241	9,521,208
Net unrealized appreciation (depreciation) on futures contracts.....	(4,502,560)	6,589,745
Deposits with broker	126,143,547	44,609,752
Total assets	\$ 126,143,547	\$ 44,609,752
Liabilities		
Management fee payable	\$ 52,554	\$ 17,198
Brokerage fee payable	1,622	296
Total liabilities	\$ 54,176	\$ 17,494
Commitments and Contingencies (Note 9)		
Equity		
Shareholders' equity		
General shares:		
Paid in capital - 40 shares issued and outstanding as of December 31, 2009 and 2008, respectively.....	1,000	1,000
Accumulated earnings (deficit)	201	(189)
Total General shares	1,201	811
Shares:		
Paid in capital - 4,200,000 and 2,200,000 redeemable Shares issued and outstanding as of December 31, 2009 and 2008, respectively	121,084,762	59,899,340
Accumulated earnings (deficit)	5,002,207	(15,308,704)
Total Shares	126,086,969	44,590,636
Total shareholders' equity	126,088,170	44,591,447
Non-controlling interest in consolidated subsidiary - related party.....	1,201	811
Total equity.....	126,089,371	44,592,258
Total liabilities and equity	\$ 126,143,547	\$ 44,609,752
Net asset value per share.....		
General shares	\$ 30.03	\$ 20.28
Shares.....	\$ 30.02	\$ 20.27

See accompanying notes to consolidated financial statements.

PowerShares DB Silver Fund and Subsidiary
Consolidated Schedule of Investments
December 31, 2009

Description	Percentage of Net Assets	Fair Value	Face Value
United States Treasury Obligations			
U.S. Treasury Bills, 0.07% due January 14, 2010.....	5.55%	\$ 6,999,958	\$ 7,000,000
U.S. Treasury Bills, 0.005% due January 21, 2010.....	4.36	5,499,928	5,500,000
U.S. Treasury Bills, 0.01% due January 28, 2010.....	18.25	22,999,517	23,000,000
U.S. Treasury Bills, 0.025% due February 4, 2010.....	3.17	3,999,880	4,000,000
U.S. Treasury Bills, 0.065% due February 11, 2010.....	10.31	12,999,519	13,000,000
U.S. Treasury Bills, 0.04% due February 25, 2010.....	23.00	28,998,231	29,000,000
U.S. Treasury Bills, 0.06% due March 4, 2010.....	5.55	6,999,482	7,000,000
U.S. Treasury Bills, 0.04% due March 18, 2010.....	13.48	16,998,283	17,000,000
U.S. Treasury Bills, 0.07% due March 25, 2010.....	10.31	12,998,648	13,000,000
U.S. Treasury Bills, 0.11% due April 1, 2010.....	3.17	3,999,420	4,000,000
Total United States Treasury Obligations (cost \$122,491,379)	97.15%	\$ 122,492,866	

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

Description	Percentage of Net Assets	Fair Value
Unrealized Depreciation on Futures Contracts		
Silver (1,497 contracts, settlement date December 28, 2010)	(3.57)%	(4,502,560)
Net Unrealized Depreciation on Futures Contracts.....	(3.57)%	\$ (4,502,560)

Net unrealized depreciation is comprised of unrealized losses of \$(4,947,175) and unrealized gains of \$444,615.

See accompanying notes to consolidated financial statements.

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

<u>Description</u>	<u>Percentage of Net Assets</u>	<u>Fair Value</u>	<u>Face Value</u>
United States Treasury Obligations			
U.S. Treasury Bills, 0.95% due January 15, 2009.....	13.46%	\$ 5,999,970	6,000,000
U.S. Treasury Bills, 0.65% due January 22, 2009.....	12.33	5,499,978	5,500,000
U.S. Treasury Bills, 0.03% due January 29, 2009.....	11.21	4,999,890	5,000,000
U.S. Treasury Bills, 0.53% due February 5, 2009.....	8.97	3,999,892	4,000,000
U.S. Treasury Bills, 0.355% due February 12, 2009.....	6.73	2,999,904	3,000,000
U.S. Treasury Bills, 0.14% due March 5, 2009.....	11.21	4,999,165	5,000,000
Total United States Treasury Obligations (cost \$28,495,286)	63.91%	\$ 28,498,799	

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

<u>Description</u>	<u>Percentage of Net Assets</u>	<u>Fair Value</u>
Unrealized Appreciation on Futures Contracts		
Silver (790 contracts, settlement date December 29, 2009).....	14.78%	\$ 6,589,745
Net Unrealized Appreciation on Futures Contracts	14.78%	\$ 6,589,745

See accompanying notes to consolidated financial statements.

PowerShares DB Silver Fund and Subsidiary
Consolidated Statements of Income and Expenses
For the Years Ended December 31, 2009 and 2008 and For the Period Ended December 31, 2007(i)

	2009	2008	2007
Income			
Interest Income, net	\$ 86,022	\$ 810,936	\$ 1,023,571
Expenses			
Management Fee	377,189	242,603	111,270
Brokerage Commissions and Fees	27,875	32,413	8,902
Total Expenses	405,064	275,016	120,172
Net investment income (loss)	(319,042)	535,920	903,399
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	579	21,003	735
Futures	31,724,485	(24,044,884)	2,035,530
Net realized gain (loss)	31,725,064	(24,023,881)	2,036,265
Net Change in Unrealized Gain (Loss) on			
United States Treasury Obligations	(2,026)	(4,776)	8,289
Futures	(11,092,305)	5,993,290	596,455
Net change in unrealized gain (loss)	(11,094,331)	5,988,514	604,744
Net realized and net change in unrealized gain (loss) on United States Treasury Obligations and Futures	20,630,733	(18,035,367)	2,641,009
Net Income (Loss)	\$ 20,311,691	\$ (17,499,447)	\$ 3,544,408
Less: net (income) loss attributed to the non-controlling interest in consolidated subsidiary - related party	(390)	189	—
Net Income (Loss) Attributable to PowerShares DB Silver Fund and Subsidiary .	\$ 20,311,301	\$ (17,499,258)	\$ 3,544,408

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 Silver Fund and Subsidiary
Consolidated Statement of Changes in Shareholders' Equity
For the Year Ended December 31, 2009

	General Shares				Shares				Total Shareholders' Equity	Non-controlling Interest	Total Equity
	Shares	Paid in Capital	Accumulated Earnings (Deficit)	Total Equity	Shares	Paid in Capital	Accumulated Earnings (Deficit)	Total Equity			
Balance at											
January 1, 2009	40	\$ 1,000	\$ (189)	\$ 811	2,200,000	\$ 59,899,340	\$ (15,308,704)	\$ 44,590,636	\$ 44,591,447	\$ 811	\$ 44,592,258
Sale of Shares					3,400,000	96,662,262		96,662,262	96,662,262		96,662,262
Redemption of Shares					(1,400,000)	(35,476,840)		(35,476,840)	(35,476,840)		(35,476,840)
Net Income											
Net investment loss			(5)	(5)			(319,032)	(319,032)	(319,037)	(5)	(319,042)
Net realized gain on											
United States											
Treasury											
Obligations and											
Futures			430	430			31,724,204	31,724,204	31,724,634	430	31,725,064
Net change in unrealized											
loss on United											
States Treasury											
Obligations and											
Futures			(35)	(35)			(11,094,261)	(11,094,261)	(11,094,296)	(35)	(11,094,331)
Net Income			390	390			20,310,911	20,310,911	20,311,301	390	20,311,691
Balance at											
December 31, 2009	40	\$ 1,000	\$ 201	\$ 1,201	4,200,000	\$ 121,084,762	\$ 5,002,207	\$ 126,086,969	\$ 126,088,170	\$ 1,201	\$ 126,089,371

See accompanying notes to consolidated financial statements.

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

	General Shares				Shares				Total Shareholders' Equity	Non-controlling Interest	Total Equity
	Shares	Paid in Capital	Accumulated Earnings (Deficit)	Total Equity	Shares	Paid in Capital	Accumulated Earnings (Deficit)	Total Equity			
Balance at January 1, 2008	40	\$ 1,000	\$ 113	\$ 1,113	1,000,000	\$ 25,160,026	\$ 2,674,260	\$ 27,834,286	\$ 27,835,399	\$ 1,000	\$ 27,836,399
Sale of Shares					2,000,000	57,736,070		57,736,070	57,736,070		57,736,070
Redemption of Shares					(800,000)	(22,996,756)		(22,996,756)	(22,996,756)		(22,996,756)
Net Loss											
Net investment income			13	13			535,890	535,890	535,903	17	535,920
Net realized loss on United States Treasury Obligations and Futures.....			(435)	(435)			(24,023,046)	(24,023,046)	(24,023,481)	(400)	(24,023,881)
Net change in unrealized gain on United States Treasury Obligations and Futures.....			129	129			5,988,191	5,988,191	5,988,320	194	5,988,514
Net Loss.....			(293)	(293)			(17,498,965)	(17,498,965)	(17,499,258)	(189)	(17,499,447)
Distributions of net investment income (\$0.22 per Share).....			(9)	(9)			(483,999)	(483,999)	(484,008)	—	(484,008)
Balance at December 31, 2008	40	\$ 1,000	\$ (189)	\$ 811	2,200,000	\$ 59,899,340	\$ (15,308,704)	\$ 44,590,636	\$ 44,591,447	\$ 811	\$ 44,592,258

See accompanying notes to consolidated financial statements.

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

	General Shares				Shares				Total Shareholders' Equity	Non-controlling Interest	Total Equity
	Shares	Paid in Capital	Accumulated Earnings	Total Equity	Shares	Paid in Capital	Accumulated Earnings	Total Equity			
Balance at January 3, 2007	40	\$ 1,000	\$ —	\$ 1,000	—	\$ —	\$ —	\$ —	\$ 1,000	\$ 1,000	\$ 2,000
Sale of Shares					1,400,000	36,099,486		36,099,486	36,099,486		36,099,486
Redemption of Shares					(400,000)	(10,939,460)		(10,939,460)	(10,939,460)		(10,939,460)
Net Income											
Net investment income			44	44			903,355	903,355	903,399		903,399
Net realized gain on United States Treasury Obligations and Futures.....			121	121			2,036,144	2,036,144	2,036,265		2,036,265
Net change in unrealized gain (loss) on United States Treasury Obligations and Futures.....			(17)	(17)			604,761	604,761	604,744		604,744
Net Income			148	148			3,544,260	3,544,260	3,544,408	—	3,544,408
Distributions of net investment income (\$0.87 per Share).....			(35)	(35)			(870,000)	(870,000)	(870,035)	—	(870,035)
Balance at December 31, 2007	<u>40</u>	<u>\$ 1,000</u>	<u>\$ 113</u>	<u>\$ 1,113</u>	<u>1,000,000</u>	<u>\$ 25,160,026</u>	<u>\$ 2,674,260</u>	<u>\$ 27,834,286</u>	<u>\$ 27,835,399</u>	<u>\$ 1,000</u>	<u>\$ 27,836,399</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 Silver Fund and Subsidiary
Consolidated Statements of Cash Flows
For the Years Ended December 31, 2009 and 2008 and For the Period Ended December 31, 2007(i)

	2009	2008	2007
Cash flow provided by and (used for) operating activities:			
Net Income (Loss)	\$ 20,311,691	\$ (17,499,447)	\$ 3,544,408
Adjustments to reconcile net income (loss) to net cash provided by (used for) operating activities:			
Cost of securities purchased	(310,908,083)	(192,767,547)	(93,419,007)
Proceeds from securities sold and matured	216,998,591	188,467,253	70,882,494
Net accretion of discount on United States Treasury Obligations	(86,022)	(724,537)	(912,204)
Net realized gain on United States Treasury Obligations	(579)	(21,003)	(735)
Net change in unrealized (gain) loss on United States Treasury Obligations and futures.....	11,094,331	(5,988,514)	(604,744)
Change in operating receivables and liabilities:			
Management fee payable	35,356	5,520	11,678
Other assets	—	4,921	(4,921)
Brokerage fee payable	1,326	296	—
Net cash used for operating activities.....	(62,553,389)	(28,523,058)	(20,503,031)
Cash flows from financing activities:			
Proceeds from sale of Shares.....	96,662,262	57,736,070	36,099,486
Redemption of Shares	(35,476,840)	(22,996,756)	(10,939,460)
Cash distributions paid on Shares and General Shares.....	—	(484,008)	(870,035)
Net cash provided by financing activities.....	61,185,422	34,255,306	24,289,991
Net change in cash held by broker	(1,367,967)	5,732,248	3,786,960
Cash held by broker at beginning of period	9,521,208	3,788,960	2,000
Cash held by broker at end of period	\$ 8,153,241	\$ 9,521,208	\$ 3,788,960

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 Silver Fund and Subsidiary
Notes to Consolidated Financial Statements
December 31, 2009

(1) Organization

PowerShares DB Silver 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 Silver 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 and the Master Fund commenced investment operations on January 3, 2007. The Fund commenced trading on the American Stock Exchange (now known as the NYSE Alternext US LLC (the “NYSE Alternext”)) on January 5, 2007 and, as of November 25, 2008, is listed on the NYSE Arca, Inc. (the “NYSE Arca”).

This Report covers the year ended December 31, 2009 (herein referred to as the “Year Ended December 31, 2009”), 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 Silver Excess Return™ (“DBLCI-OY SI 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 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.

The Index is intended to reflect the change in market value of the silver sector. The single commodity comprising the Index, or the Index Commodity, is silver. The Commodity Futures Trading Commission (the “CFTC”) and commodity exchanges impose position limits on market participants trading in the commodity included in the Index. The Index is comprised of futures contracts on the Index Commodity 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 the Index Commodity by investing in the specific Index Contract, the Master Fund may invest in a futures contract referencing the Index Commodity other than the Index Contract or, in the alternative, invest in other futures contracts not based on the Index Commodity if, in the commercially reasonable judgment of the Managing Owner, such futures contracts tend to exhibit trading prices that correlate with the Index Commodity.

The Fund does not employ leverage. As of December 31, 2009 and 2008, the Fund had \$126,143,547 (or 100%) and \$44,609,752 (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, \$9,094,275 (or 7.21%) and \$6,825,600 (or 15.30%), 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, 2009 and 2008 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 Trust, the Fund, the Master Trust, the Master Fund and the Managing Owner.

(3) Service Providers and Related Party Agreements

The Trustee

Under the Amended and Restated Declaration of Trust and Trust Agreements, Wilmington Trust Company, the trustee of the Fund and the Master Fund (the “Trustee”) 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, 2009, the Fund and the Master Fund incurred Management Fees of \$377,189, of which \$52,554 was payable at December 31, 2009. During the Year Ended December 31, 2008, the Fund and the Master Fund incurred Management Fees of \$242,603, of which \$17,198 was payable at December 31, 2008. During the Period Ended December 31, 2007, the Fund and Master Fund incurred Management Fees of \$111,270.

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 and custodial services for the Master Fund. The Commodity Broker is an affiliate of the Managing Owner. As custodian of the Master Fund's assets, the Commodity Broker is responsible, among other things, for providing periodic accountings of all dealings and actions taken by the Master Trust on behalf of the Master Fund during the reporting period, together with an accounting of all securities, cash or other indebtedness or obligations held by it or its nominees for or on behalf of the Master Fund. For the Year Ended December 31, 2009, the Fund and Master Fund incurred brokerage fees of \$27,875, of which \$1,622 was payable at December 31, 2009. For the Year Ended December 31, 2008, the Fund and Master Fund incurred brokerage fees of \$32,413, of which \$296 was payable at December 31, 2008. For the Period Ended December 31, 2007 the Fund and Master Fund incurred brokerage fees of \$8,902.

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 has 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 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.

Invesco Powershares Capital Management LLC

Under the License Agreement among Invesco Powershares Capital Management LLC (the "Licensor") and the Managing Owner in its own capacity and in its capacity as managing owner of the Fund (the Fund and the Managing Owner, collectively, the "Licensees"), the Licensor granted to each Licensee a non-exclusive license to use the "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. ("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, and all significant inter-company balances and transactions have been eliminated. Certain amounts in the 2008 and 2007 financial statements have been reclassified to conform to the 2009 presentation.

(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).

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

Basis of Fair Value Measurement

- Level 1: Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;
- Level 2: Quoted prices in markets that are not active or financial instruments for which all significant inputs are observable, either directly or indirectly;
- Level 3: Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

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

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

(d) Deposits with Broker

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

(e) United States Treasury Obligations

The Fund records purchases and sales of United States Treasury Obligations on a trade date basis. These holdings are marked to market based on quoted market closing prices. The Fund holds United States Treasury Obligations for deposit with the 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, 2009 and 2008 were holdings of \$9,094,275 and \$6,825,600, respectively, which were restricted and held against initial margin of the open futures contracts.

(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, 2009 and 2008, the Fund held cash of \$8,153,241 and \$9,521,208, respectively. There were no cash equivalents held by the Fund as of December 31, 2009 and 2008.

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

(h) 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, 2009 and 2008, the futures contracts held by the Fund were in a net unrealized depreciation position of \$4,502,560 and a net unrealized appreciation position of \$6,589,745, respectively.

(i) Management Fee

The Master Fund pays the Managing Owner a management fee (the "Management Fee"), monthly in arrears, in an amount equal to 0.50% 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.

(j) 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 Years Ended December 31, 2009 and 2008 and for the Period Ended December 31, 2007.

(k) 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.

(l) Organizational and Offering Costs

All organizational and offering expenses of the Fund and its Master Fund are incurred and assumed by the Managing Owner. Neither the Fund nor its Master Fund are, or will be, responsible to the Managing Owner for the reimbursement of organizational and offering costs. Expenses incurred in connection with the continuous offering of Shares also will be paid by the Managing Owner.

(m) 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 Years Ended December 31, 2009 and 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 the fair value hierarchy discussed in Note 4(c).

Assets and Liabilities Measured at Fair Value were as follows:

	<u>December 31, 2009</u>	<u>December 31, 2008</u>
United States Treasury Obligations (Level 1).....	\$ 122,492,866	\$ 28,498,799
Commodity Futures Contracts (Level 1).....	\$ (4,502,560)	\$ 6,589,745

There were no Level 2 or Level 3 holdings as of December 31, 2009 and 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

**Summary of Share Transactions for the Years Ended December 31, 2009 and 2008
and for the Period Ended December 31, 2007**

	<u>Shares</u>	<u>Paid in Capital</u>	<u>Shares</u>	<u>Paid in Capital</u>	<u>Shares</u>	<u>Paid in Capital</u>
	<u>Year Ended December 31, 2009</u>	<u>Year Ended December 31, 2009</u>	<u>Year Ended December 31, 2008</u>	<u>Year Ended December 31, 2008</u>	<u>Period Ended December 31, 2007</u>	<u>Period Ended December 31, 2007</u>
Shares Sold	3,400,000	\$ 96,662,262	2,000,000	\$ 57,736,070	1,400,000	\$ 36,099,486
Shares Redeemed.....	(1,400,000)	(35,476,840)	(800,000)	(22,996,756)	(400,000)	(10,939,460)
Net Increase	<u>2,000,000</u>	<u>\$ 61,185,422</u>	<u>1,200,000</u>	<u>\$ 34,739,314</u>	<u>1,000,000</u>	<u>\$ 25,160,026</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 to the Shareholders monthly based on their respective percentage interests as of the close of the last trading day of the preceding month. Any losses allocated to the Managing Owner (as the owner of the General Shares) which are in excess of the Managing Owner's capital balance are allocated to the Shareholders in accordance with their respective interest in the 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.

No distributions were paid for the Year Ended December 31, 2009.

A distribution of \$0.22 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 \$483,999 was paid to Shareholders. On December 30, 2008, the Fund paid \$0.22 per General Share, a total distribution of \$8.80.

A distribution of \$0.87 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 \$870,000 was paid to Shareholders. On December 28, 2007, the Fund paid \$0.87 per General Share, a total distribution of \$34.80.

(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, 2009 and 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 for a Share outstanding for the Years Ended December 31, 2009 and 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 non-controlling 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.

	Year Ended December 31, 2009	Year Ended December 31, 2008	Period Ended December 31, 2007
Net Asset Value			
Initial offering price per Share	\$ —	\$ —	\$ 25.00
Net realized and net change in unrealized gain (loss) on United States Treasury Obligations and Futures	9.86	(7.64)	2.64
Net investment income (loss).....	(0.11)	0.30	1.06
Net income (loss)	9.75	(7.34)	3.70
Distributions of net investment income on Shares.....	—	(0.22)	(0.87)
Net increase (decrease)	9.75	(7.56)	2.83
Net asset value per Share, beginning of period.....	\$ 20.27	\$ 27.83	\$ —
Net asset value per Share, end of period.....	\$ 30.02	\$ 20.27	\$ 27.83
Market value per Share, beginning of period.....	\$ 20.46	\$ 27.79	\$ 25.00
Market value per Share, end of period.....	\$ 30.09	\$ 20.46	\$ 27.79
Ratio to average Shares*			
Net investment income (loss).....	(0.42)%	1.11%	4.03%
Total expenses.....	0.54%	0.57%	0.54%
Total Return, at net asset value **	48.10%	(26.37)%	14.80%
Total Return, at market value **	47.07%	(25.58)%	14.64%

* 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) Subsequent Events

The Fund evaluated the need for disclosures and/or adjustments resulting from subsequent events through March 8, 2010, the date the financial statements were available to be issued. This evaluation did not result in any subsequent events that necessitated disclosures and/or adjustments, other than the event disclosed below.

Effective January 4, 2010, the Management Fee was increased to 0.75% from 0.50% per annum of the daily net asset value of the Master Fund.

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