

DWS Premier Bond Fund

An open ended debt scheme

July 2010



A member of
Deutsche Bank Group



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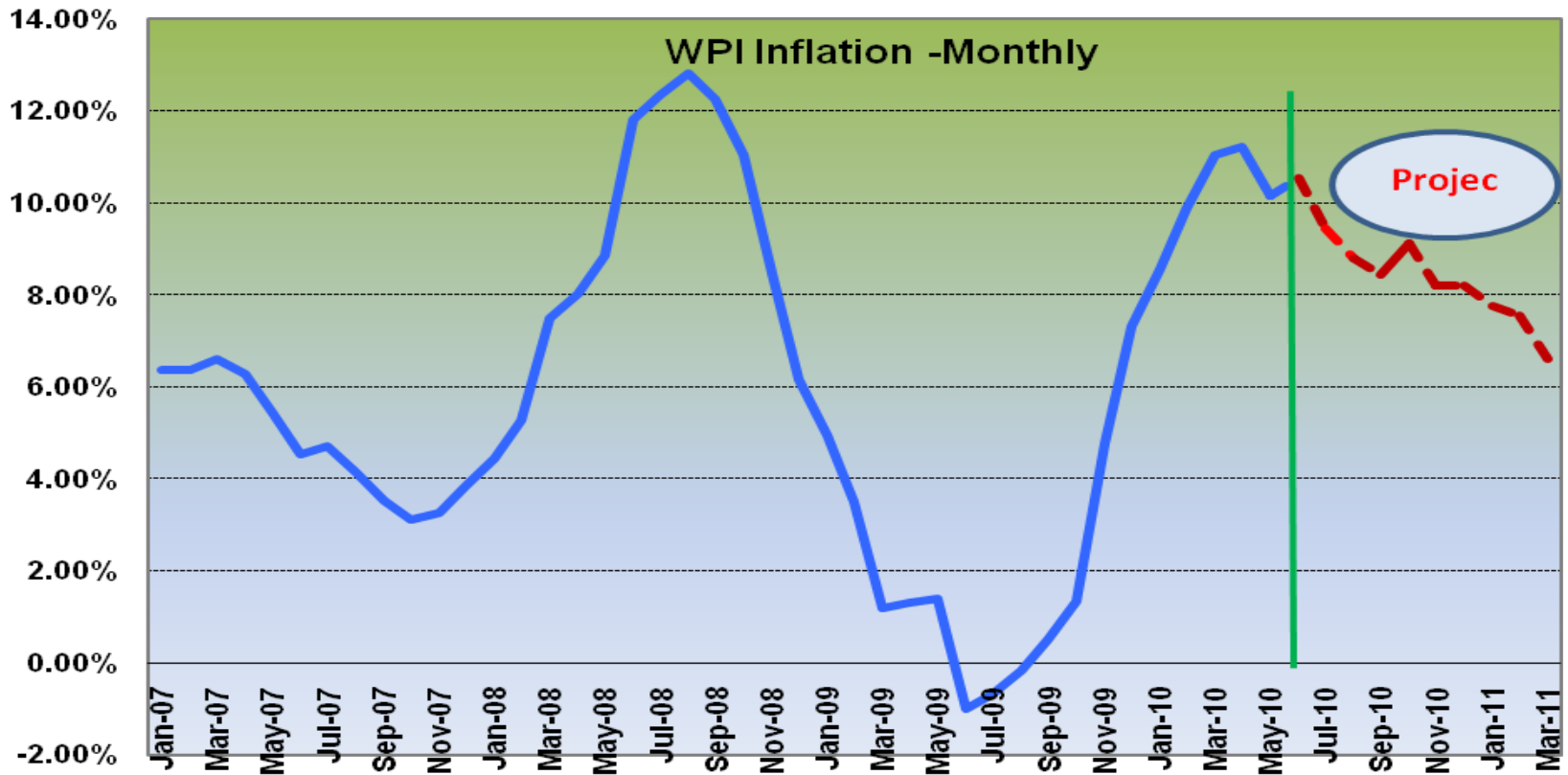
Key Fund Features & Fund Manager

India: Economic Situation

- The resilience of the Indian economy has been established with the Q4FY10 GDP notching an impressive growth of 8.6% YoY.
- In FY10, the real GDP grew 7.4% Y-o-Y, which was higher than the Government's expectation of 7.2%.
- It is likely that GDP growth for FY 11 to be around 8.5% on the strength of normal monsoon.
- After surprising on the upside in April, industrial production (IP) was lower than market expectations in May, up 11.5% YoY (vs a revised IIP of 16.5% YoY for April 2010).
- May data indicates that the **moderation has likely begun and economy is now consolidating, but with a good deal of strength.**

Source: Bloomberg. The views of the Fund Manager should not be construed as an advice and investors must make their own investment decisions regarding suitability of the funds based on their specific investment objectives and financial positions and using such independent advisors as they believe necessary.

India: Economic Situation



- ✓ Normal monsoon is expected to be supportive of agricultural output, thereby reducing the supply side pressures and check the food inflation.
- ✓ Base effect and weakening global commodity outlook suggest that YoY inflation readings may slope downwards in the quarters ahead.
- ✓ It is likely that inflation may come down to 7.00% by March 2011

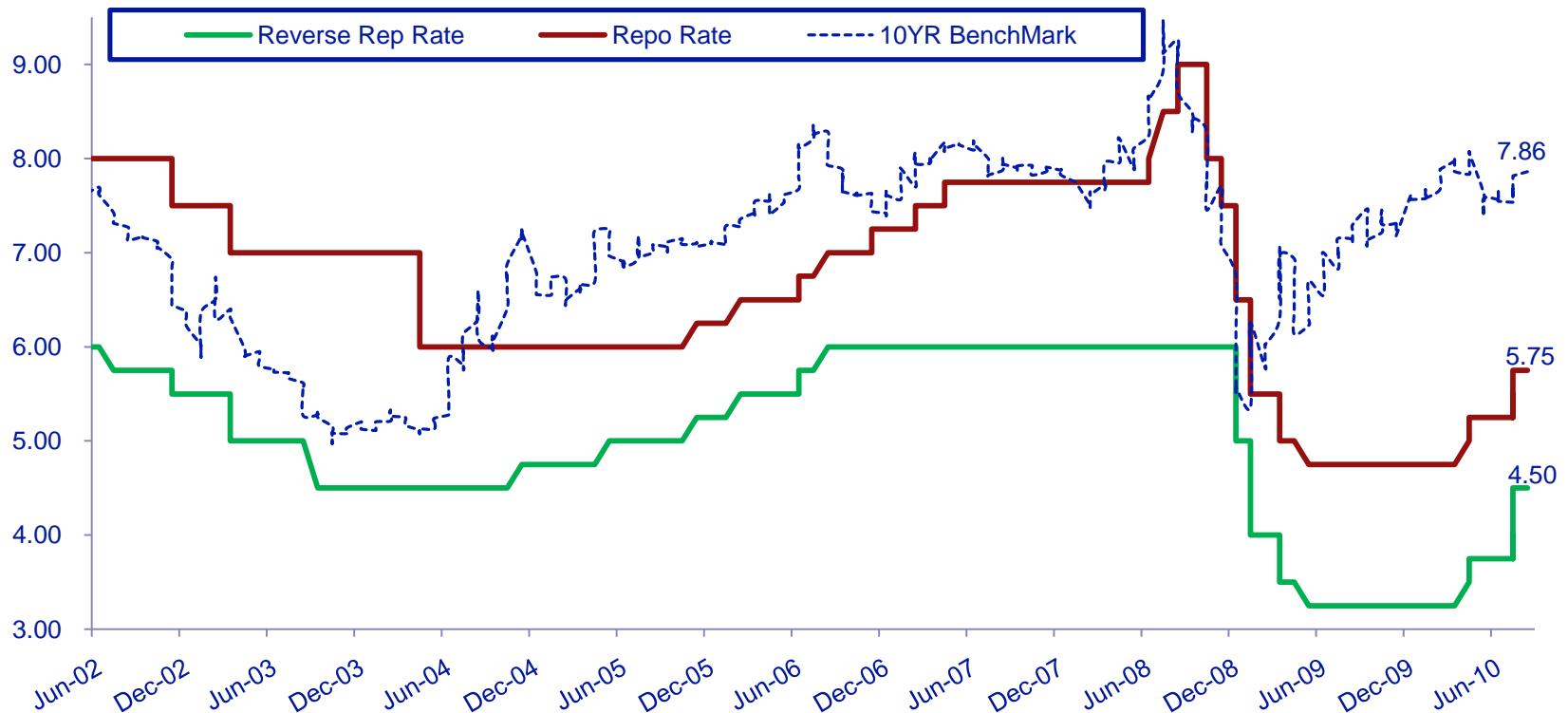
Source: Bloomberg, Internal Research, Aug 2010

India: Fiscal Situation

- The budget for 2010-11 clearly begins the process of fiscal consolidation by targeting fiscal deficit at 5.5 per cent of GDP for 2010-11 and projected at 4.8 per cent and 4.1 per cent of GDP in 2011-12 and 2012-13, respectively.
- The fiscal position is likely to improve in FY10-11, owing to higher-than expected 3G and Wi-Max (BWA) revenues and lower strain of petroleum subsidies
- It is likely that fiscal deficit will be below the government estimate of 5.5% of GDP in FY10-11 and could also result in marginally lower borrowings in FY 10-11.
- The reduction in borrowings is likely to be formally announced only in the latter part of the year when revenue/expenditure trends are clearer.

Source: Bloomberg. The views of the Fund Manager should not be construed as an advice and investors must make their own investment decisions regarding suitability of the funds based on their specific investment objectives and financial positions and using such independent advisors as they believe necessary.

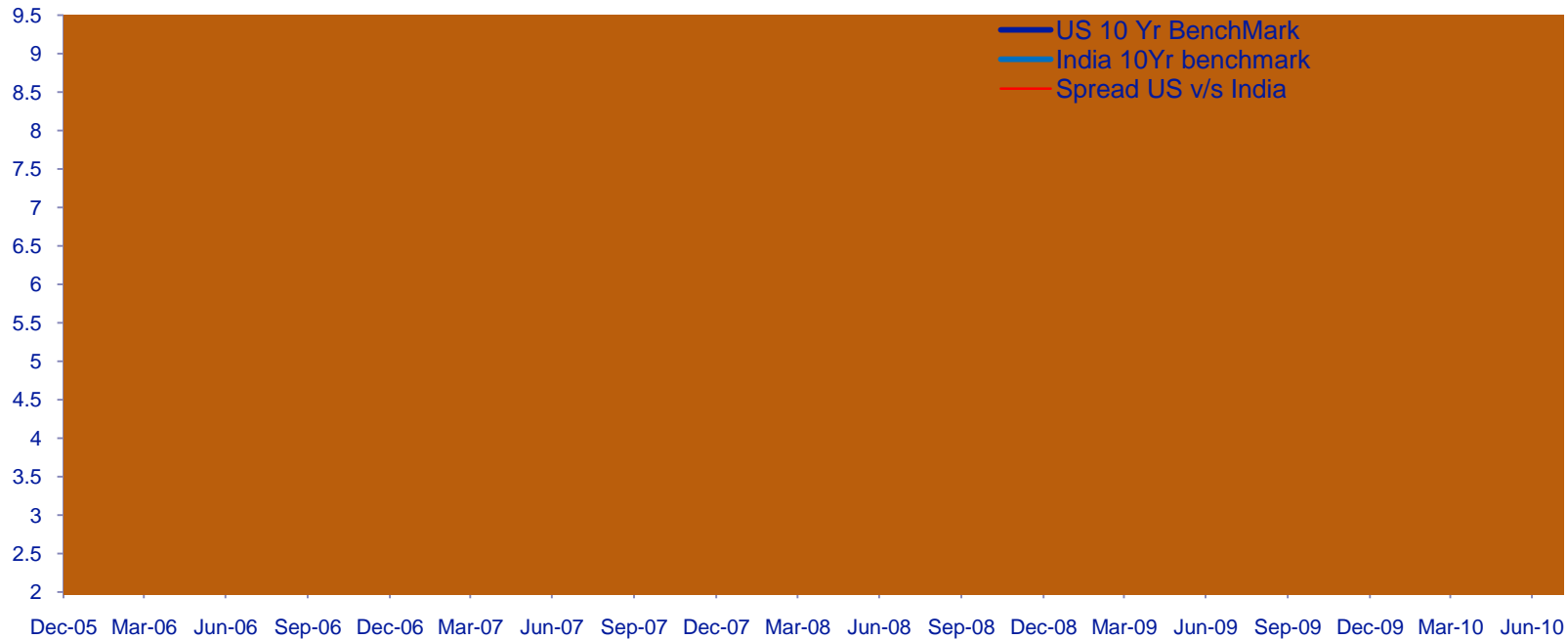
Yield Curve: Monetary tightening already built in....



Source: Bloomberg, August 2010

- ✓ Having developed comfort on the economic recovery, RBI has shifted its focus 'decisively' to containing inflation and inflation expectations
- ✓ In this calendar year, RBI has raised the Cash Reserve Ratio (CRR) by 100 bps (in 2 steps) and the Reverse Repo by 125 bps (in 4 steps) and the Repo Rate by 100 bps each (in 4 steps).
- ✓ To ensure balanced liquidity conditions to assist better transmission of monetary policy and adopted hawkish policy stance, RBI has narrowed the LAF corridor to 125bps from 150bps earlier.
- ✓ We expect a hike in policy rates of around 50 to 75 bps in the rest of FY 2011
- ✓ The 10 yr benchmark yield has largely discounted the RBI rate hikes well in advance.

Market Triggers

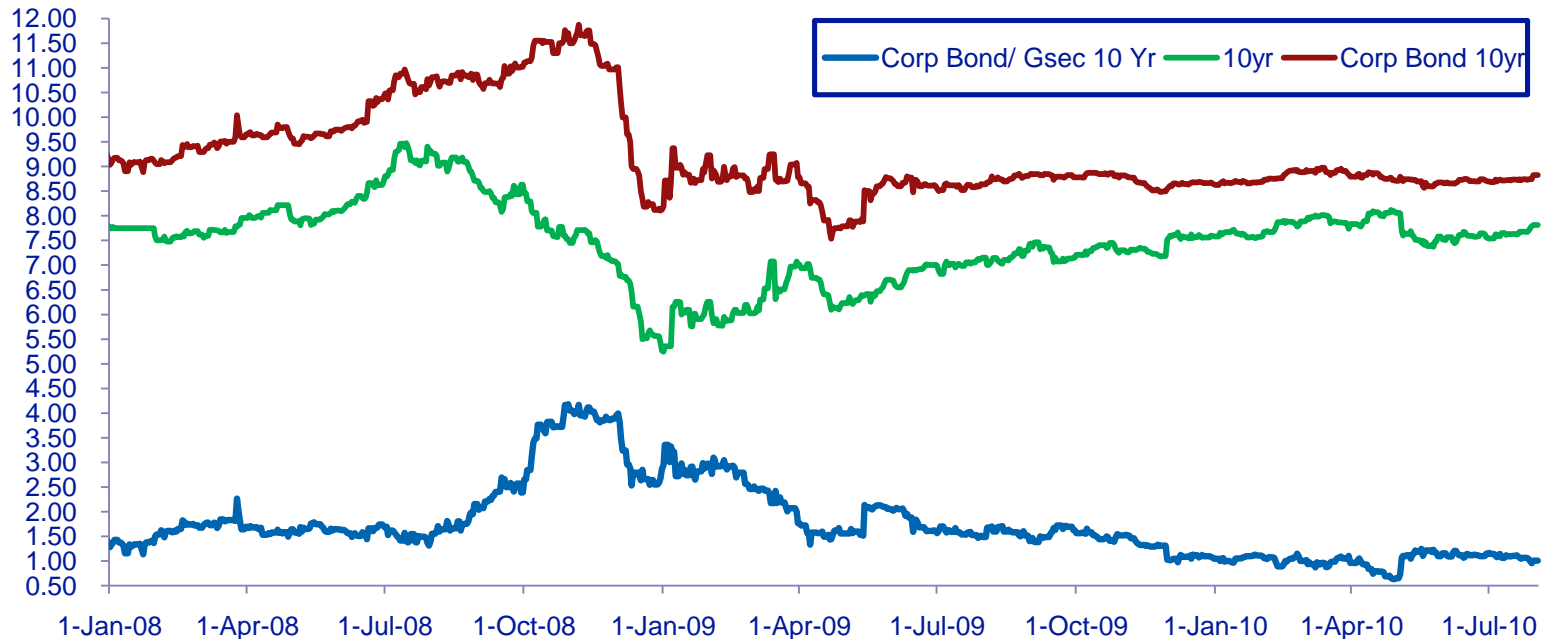


Source: Bloomberg, August 2010

- ✓ The spread between the US and Indian 10 year benchmark yields is at elevated levels
- ✓ The bonanza on account of telecom inflows and consequently the expected improvement in fiscal situation has resulted in the ten year benchmark to rally
- ✓ In the coming months any announcement of cut in budgeted borrowing program and a moderation in headline inflation towards end-March are to be the key triggers and may push yields downward

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Corporate Bonds: Less Volatile than G-Secs



Source: Bloomberg, August 2010

- ✓ The spread between the 10 year G-sec and Corporate Bonds has come down to 65 bps in April from its peak of 425 bps in December 2008
- ✓ 10 year AAA Corporate bonds have been more stable than G-sec and have been moving in a narrow range of 8.60% to 8.90%
- ✓ In the medium term, corporate bonds will follow G-sec movements with some lag effect and provide a good carry with less volatility than G-secs.

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The Long Term Bonds: Playing catch up

- Current sentiments for long term bonds is negative due to:
 - High Inflation
 - Series of hikes in key policy rates
 - Constant supply of Government Bonds
 - Tight Liquidity
- Sentiment towards long term bonds is likely to improve as:
 - A healthier fiscal situation crystallizes
 - Inflation is expected to ease off in the coming months

We believe that long term bond yields seem to have not fully discounted the improved fiscal position. It is likely that yields will ease from current level, in the medium to long term.

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Key Fund Features & Fund Manager

DWS Premier Bond Fund

➤ **Investment Objective:**

The scheme aims to provide regular income by investing in debt securities, including bonds and money market instruments

➤ **Benchmark:**

CRISIL Composite Bond Fund Index

➤ **Portfolio Positioning:**

The DWS Premier Bond Fund is a high quality debt portfolio, targeted at investors with medium to long term investment horizon.

➤ **Portfolio Rating:**

AAAf by CRISIL*

* The assigned rating “AAAf” is valid only for “DWS Premier Bond Fund”. The rating of CRISIL is not an opinion of the Asset Management Company’s willingness or ability to make timely payments to investors. The rating is also not an opinion on the stability of the NAV of the fund, which could vary with market developments.

DWS Premier Bond Fund: Strategy

Strategic Position

- The fund seeks to invest in corporate / govt. bonds and generate income through
 - ✓ Relatively higher coupon accrual
 - ✓ Capital Appreciation
- The fund also seeks to enhance portfolio yield through active management by taking advantage of any yield movements

Tactical Position

- The current fund portfolio has a duration of 4.71 years as on 30th July 2010
- We currently maintain a relatively high duration with a portfolio mix of G-Secs (50-70%) and corporate bonds (30-50%)

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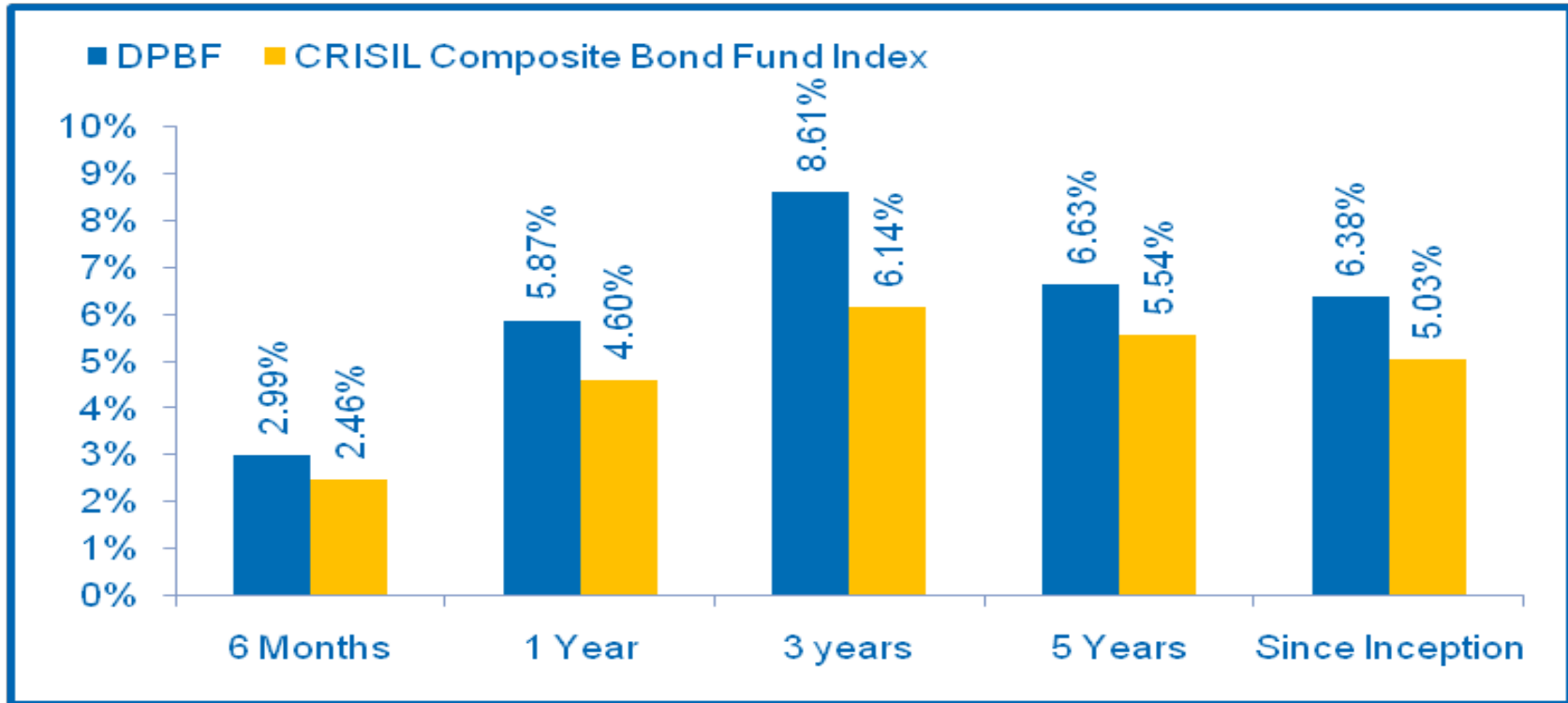
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Performance: Consistent Outperformance**

DWS Premier Bond Fund - Regular Plan - Growth Option



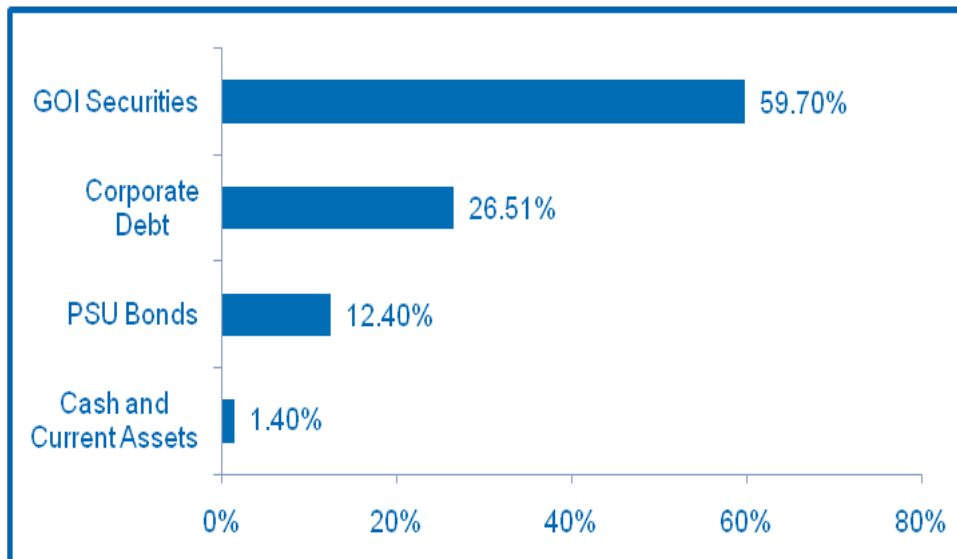
Performance as on July 30, 2010

Returns less than one year are absolute and one year and above are CAGR. ** Past performance may or may not be sustained in future. Returns do not take into account the entry load. Since inception returns are calculated on Rs. 10/- invested on inception. Date of allotment has been considered as Date of Inception: 21st January 2003. Performance figures are net of all fees and fund expenses.

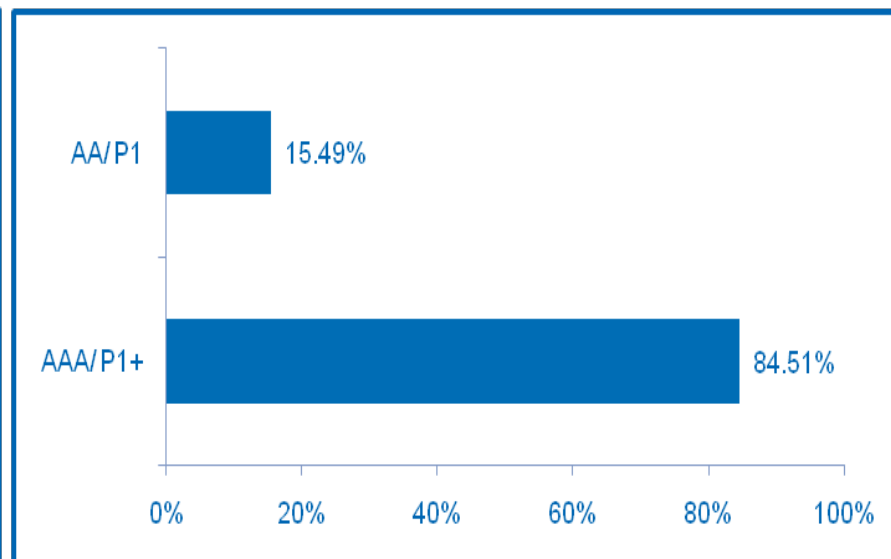
Portfolio: DWS Premier Bond Fund

Rated AA Af by Crisil*

Asset Allocation



Credit Quality



Average Portfolio Maturity: 6.87 yrs

AUM: Rs. 25.11 Crores

Data as on July 30, 2010

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Key Fund Features

Particulars	DWS Premier Bond Fund
Investment Objective	The scheme aims to provide regular income by investing in debt securities, including bonds and money market instruments
Benchmark	CRISIL Composite Bond Fund Index
Asset Allocation	60 to 100% in Debt Instruments including Government Securities and Corporate Debt and 0 to 40% in Money Market Instruments
Options for Investment	Regular and Institutional Plan: Dividend (Monthly, Quarterly and Annual Payout and Reinvestment) and Growth; Auto Sweep Plan: Regular Auto Sweep Plan
Minimum Investment	Regular Plan: Rs. 5,000/- and in multiples of Re. 1/- thereafter Institutional Plan: Rs. 50 Lakhs and in multiples of Re. 1/- thereafter Auto Sweep Plan: Rs. 1 Lakh and in multiples of Re. 1/- thereafter
Additional Investment	Regular, Institutional and Auto Sweep Plan: Rs. 1,000/- and in multiples of Re. 1/- thereafter
Minimum Repurchase	Regular, Institutional and Auto Sweep Plan: Rs. 1,000/- and in multiples of Re. 1/- thereafter
Investment through SIP, STP and SWP	SIP available only for Regular Plan. Minimum amount of Rs. 12,000/- divided into 12 installments of Rs. 1000/- each for 12 months or 6 installments of Rs. 2000/- each for 6 months or 4 installments of Rs. 3000/- each for 3 months.
Entry Load	Nil
Exit Load (including SIP, STP and SWP)	0.5% if redeemed/ switched out within 6 months of allotment.

Fund Manager: DWS Premier Bond Fund



Nitish Gupta, Fund Manager- Fixed Income

Qualification – B.E , MBA

Over 14 years of experience in Fixed Income Debt Market.

- **Deutsche Asset Management (India) Pvt. Ltd. – Fund Manager - Fixed Income (from May 2008 till date)**
- **Allahabad Bank - Senior Manager - Treasury (from July 2003 to April 2008)**
- **Allahabad Bank - Manager - Treasury (from March 1997 to July 2003)**

**Other Funds Managed: DWS Short Maturity Fund
DWS Twin Advantage Fund
DWS Treasury Fund – Investment Plan**

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The views expressed should not be construed as an advice and investors must make their own investment decision based on their specific investment objectives and financial position and using such independent advisors as they believe necessary.

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Please refer to the Combined Scheme Information Document, Scheme Information Document and Statement of Additional Information for other details including scheme specific risk factors before investing.