

DWS Short Maturity Fund

A member of
Deutsche Bank Group



(An Open-ended debt Scheme)

Rated AA+
by CRISIL*

Regular Plan -
Growth

Morningstar
Rating
3 Year^{SS}



Rated ★★★★★ by
Value Research for
Institutional Plan**

As of 29th April, 2011

SS. *, **Past performance is no guarantee of future results.

The Macro Economic Environment

- Growth in Index of Industrial Production (IIP) remained sluggish, printing at 3.6% in February 2011, after growing 3.9% in January'11 and 2.5% in December '10. Average IIP growth from April'10-February 11 stood at 7.8% over the previous fiscal.
- Exports in March 2011 rose to USD 29.1 bio (+43.9% y/y). Full year exports for fiscal 2011 stood at USD 245 bio (+37.5%) beating official estimates of USD 200 bio. Imports for March 2011 stood at USD 34.74 bio; full year imports stood at USD 350 bio
- As a result of buoyant exports, fiscal deficit at USD 105 bio was lower than the originally estimated figure of USD 125-130 bio.
- WPI continued its rise in March, printing at 8.98% as against 8.23% in January'11 (prov.) which was revised upwards sharply to 9.35%. December'10 inflation stood at 9.41%
- Food inflation (week ended April 16, 2011) printed at 8.76%, while primary article inflation stood at 12.08%.

Source: Bloomberg, April 2011

View on Debt Markets

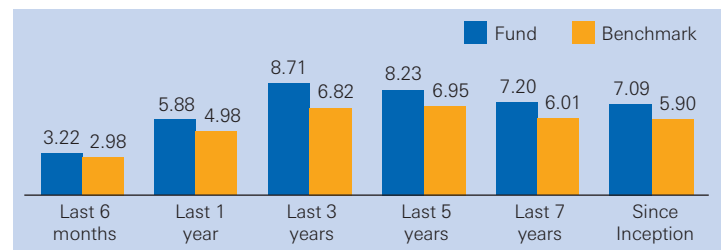
- We expect RBI to follow a clear tight money policy at least in H1-FY2012, given its stated position to bring inflation under control.
- Deposit and credit growth gap for FY12 is expected to stay negative but close the gap to 200 bps compared to 500 bps in FY 2011; M3 growth (FY12) is projected at 16%, which is lower in historical terms in relation to GDP growth
- Given this backdrop of a negative deposit / credit growth and lower M3 growth, we expect system to continue in a deficit mode structurally, although the govt accelerated spends in April which led to better liquidity conditions
- Money market yields (3-12 mth) will witness an upward bias, given the tightening policy being followed by RBI. Banks' CD issuances were not high in April, given the seasonality in credit and good retail mobilisation of deposits.
- Bonds – medium and long term will continue to witness an upward pressure given the structural tightening that is underway, in order to rein in inflationary pressures
- Tax collections in FY 12 will remain key; given the incipient signs of a slowdown, inflows for the Government could be impacted which could impact the GFD/GDP
- Advance tax outflows in mid June (first instalment) will offer some insight into trends for FY12
- The new 10Y (7.80% 2021), is trading at a discount post its auction in early April as market participants remain wary of fundamentals and G sec supply pressure
- In the near term (3 months), we expect the 10Y to trade in a band of 8.10-8.25%
- Cut-offs on T Bills (91d, 364d) and Cash Management Bills have been coming year successively, reflecting the anticipation of tighter liquidity in the coming weeks
- Total CMBs issued till date stands at INR 320 bio; as the Government borrowed to meet tax refunds of c.INR 500 bio
- Performance of the monsoon and its distribution will be crucial this fiscal, given the early signs of slowdown; as farm growth is critical in ensuring higher disposable rural incomes and some support to consumption; this in turn will impact inflation and bond yields

Why DWS Short Maturity Fund

- The 3, 6 and 12 month PSU bank CDs closed the month at yields of 8.80%, 9.25% and 9.75%, respectively, as against 10.15%, 10.20% and 10.25% at the end of March 2011, reflecting the vastly improved liquidity in the system, particularly at the short end.
- The yield curve continues to remain inverted with 2Y corporate bonds (AAA) trading at 9.50-9.60% and 3 year bonds at 9.44- 9.55%.
- The average maturity of the DWS Short Maturity fund was also maintained around 0.8-1.0x, as we believe that rates are yet to peak off and a few more rate hikes could be likely this year

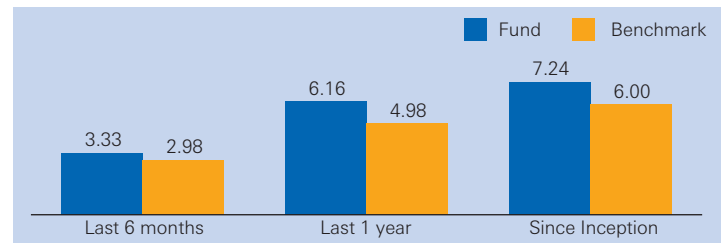
Performance (%) Growth option as on 29th April, 2011

Regular Plan:



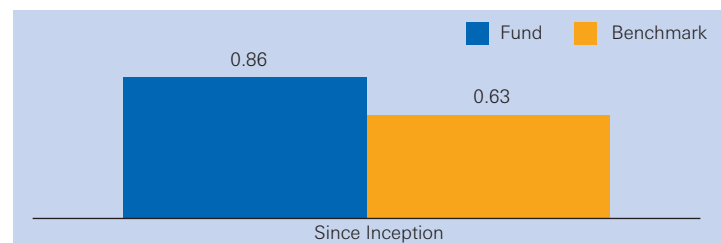
Date of Inception: 21st January, 2003

Institutional Plan:



Date of Inception: 19th December, 2008

Premium Plus Plan[§]:



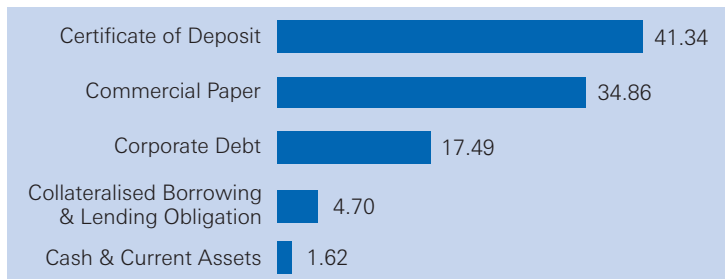
Date of Inception: 30th March, 2009. Date of Recommencement of the Premium Plus Plan: 22nd February, 2011

[§] Auto Sweep Plan has been renamed to Premium Plus Plan w.e.f. 21st January, 2011.

Benchmark: CRISIL Short Term Bond Fund Index

Date of allotment has been considered as date of inception. Returns for less than 1 year period are absolute and those greater than or equal to 1 year period are compounded annualised. Past performance may or may not be sustained in future and should not be used as a basis of comparison with other investments. Performance calculated on growth option NAV. Since inception returns are calculated on Rs. 10/- invested on inception.

Asset Allocation (%) as on 29th April, 2011



Rating (%) as on 29th April, 2011



Average Maturity as on 29th April, 2011 : 0.72 Yrs

Yield to Maturity as on 29th April, 2011 : 10.05%

About DWS Short Maturity Fund

Positioning: The fund has been positioned for investors looking for better returns in a short term period of 3 months to 1 year with low/moderate interest rate sensitivity.

Investment Objective: The investment objective of the scheme is to generate steady returns with low volatility by investing in short-medium term debt and money market securities.

Investment Strategy: The fund management team endeavors to meet the investment objective whilst maintaining a balance between safety, liquidity, and return on investments. Since the investment horizon for the scheme is short, the scheme will focus on short-medium term securities.

The scheme shall be actively managed and the fund management team will endeavor to generate superior returns while moderating credit and interest rate risk. The fund manager will take a close view of the interest rate movement based on various parameters of the Indian economy, as well as developments in global markets. The investment manager will try to leverage its international resource base to understand the global economic and interest rate environment.

Key Features

Type of Scheme	Open-ended debt scheme
Investment Objective	To generate steady returns with low volatility by investing in short-medium term debt and money market securities.
Benchmark	CRISIL Short Term Bond Fund Index
Asset Allocation	65-100% in Debt and Money Market Instruments with average maturity upto 18 months & Up to 35% in Debt and Money Market Instruments with average maturity greater than 18 months.
Options For Investment	Regular Plan: Dividend (Monthly, Quarterly and Annual Payout/Reinvestment), Growth and Bonus. Institutional Plan: Dividend (Monthly, Quarterly and Annual Payout/Reinvestment) & Growth. Premium Plus Plan: Dividend (Daily & Weekly Reinvestment).
Minimum Investment Amount	Regular Plan: Rs. 5,000/- & in multiples of Re. 1/- thereafter. Institutional Plan: Rs. 5 crores & in multiples of Re. 1/- thereafter. Premium Plus Plan: Rs. 50,000/- & in multiples of Re. 1/- thereafter.
Additional Investment Amount	Rs. 1,000/- and in multiples of Re. 1/- thereafter.
Minimum Repurchase Amount	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. 12000/- 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.
Exit Load (including SIP, STP and SWP)	1.5% if the investor redeemed/switched out within 5 months. However, no exit load will be charged where the STP is into an equity fund from a non equity fund.

* The assigned rating "AAAf" is valid only for "DWS Short Maturity 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.

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.

** **Morning Star Ratings:** DWS Short Maturity Fund (Regular Plan - Growth) rated 4 Star on a 3 year period. The Morningstar fund rating methodology is based on a fund's risk-adjusted return within a given Morningstar category. Morningstar ratings are calculated every month for the 3 year, 5 year and 10 year period. Within each rating period, the top 10% funds receive a five star rating, the next 22.5% earn a four star rating, the next 35% get three stars, the next 22.5% receive two stars, and the bottom 10% get one star. Loads are not considered for the rating purpose. The number of schemes in each category considered for rating is mentioned alongside the respective category's name Short Term Bond (97). The rating is based on NAV provided by respective funds. The current fund rating is for the 3 year period as of 31st March, 2011. Morningstar does not guarantee accuracy of the data. (Rating Source & Publisher: Morningstar)

** **Value Research Fund Rating:** DWS Short Maturity Fund (Institutional Plan) rated 4 star by Value Research on the basis of 18 months period. Value Research Fund Ratings are a composite measure of historical risk-adjusted returns. In the case of debt funds this rating is based on the weighted average weekly returns for the last 18 months and 3-year periods and in case of short-term debt funds - weekly returns for the last 18 months. These ratings do not take into consideration any entry or exit load. Each category must have a minimum of 10 funds to be rated effective July 2008, an additional qualifying criteria has been considered whereby a fund with less than Rs. 5 crores if average AUM in the past 6 months will not be eligible for rating. Five-stars indicate that a fund is in the top 10 per cent of its category in terms of historical risk-adjusted returns. Four stars indicate that a fund is in the next 22.5 per cent of its category, the next 35% receive three stars, the next 22.5% receive two stars and the bottom 10% receives one star. The number of schemes in each category is mentioned alongside the categories name: Debt: Short Term (20). These fund ratings are as on 29th April, 2011. The Value Research Ratings are published in Monthly Mutual Fund Performance Report and Mutual Fund Insight. The Ratings are subject to change every month. The Rating is based on primary data provided by respective funds, Value Research does not guarantee the accuracy. (Ranking Source & Publisher: Value Research Online)

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Statutory Details: Deutsche Mutual Fund had been set up as a trust settled by Deutsche Asset Management (Asia) Ltd. (DeAM Asia) (liability restricted to Rs 1 lakh). The Sponsors of Deutsche Mutual Fund are DeAM Asia and Deutsche India Holdings Pvt Ltd. The Trustee of the Mutual Fund is Deutsche Trustee Services (India) Private Limited and the Investment Manager is Deutsche Asset Management (India) Private Limited. DWS Investments is the global mutual fund brand of Deutsche Asset Management.

Standard Risk Factors: All mutual funds and securities investments are subject to market risks, and there can be no assurance that the fund's objectives will be achieved. As with any investment in securities, the NAV of the Units issued under the Scheme can go up or down depending on various factors that may affect the values of the Scheme's investments. Past performance of the Sponsor/AMC/Mutual Fund does not guarantee future performance of the schemes. The sponsor is not responsible or liable for any loss resulting from the operation of the schemes beyond the initial contribution of Rs. 1 lakh made by it towards setting up the Fund. **DWS Short Maturity Fund is the name of the Scheme and does not in any manner indicate the quality of the Scheme, its future prospects or returns.** The present Scheme of Deutsche Mutual Fund is not a guaranteed or assured returns Scheme. Copy of the Scheme Information Document and Key Information Memorandum (KIM) can be obtained from our website www.dws-india.com. Please refer to the Scheme Information Document and Statement of Additional Information for other details including scheme specific factors before investing.