A member of Deutsche Bank Group

DWS Treasury Fund – Investment Plan

An open ended debt plan

Quality, Liquidity and Returns

The Macro Economic Environment

The first credit policy in the new fiscal FY 13, which was also the annual monetary policy review was marked by a higher than expected 50 bps reduction in the key policy rate (repo). The rate reduction while highlighting the recent pressure on growth simultaneously laid adequate emphasis on key risks to inflation from stubborn commodity prices and limited fiscal consolidation yet witnessed. Overall the RBI guidance on future rate reduction appears highly cautious and contingent on positive developments on inflation, macro (trade and current a/c) and fiscal progress.

Following the repo cut, banks have lowered their base rate (the respective benchmark lending rate) marginally, though mostly it is less than 50 bps. Simultaneously, banks are also lowering their deposit rates in some buckets in order to reduce their cost to facilitate base rate reduction. However the modest pace of deposit growth witnessed in FY 12 and the forecast growth for FY 13 may limit aggressive cut in deposit rates by banks through the year.

Post the rate cut, the 10Y Gsec, after rallying has given up most of its gains and is now trading higher than pre-policy levels on supply worries and lack of clarity on further Open Market Operations.

Rupee continues to remain a source of concern as widening a current account is now compounded by dwindling capital flows. The recent move in the Union Budget to introduce GAAR has led to further concern amongst FIIs, leading to some outflows. For the first time in 12 quarters, the BOP slipped into a deficit of USD 12.8 billion in Q3 FY12. This led to steep depreciation in the INR around 7-8% during that period. The rupee decline is inflationary and any attempt by RBI to defend the currency would lead to a trending up of the yield curve again at the short end almost countering the positive effects of the rate cut.

Sustained high interest rates and decelerating growth conditions have also begun to impact the credit markets with the pace of downgrades accelerating in relation to upgrades. Credit worries arising from the lagged effects of sustained rate rise, one of the longest rising cycles in recent times, has severely pressured the corporate sector. This is reflected in the rising Non Performing Loans (NPLs) and re-structured assets with most banks. NPLs which stood at 2.3% at the end of March 2011 has risen to 2.9% at the end of December 2011. Further a recent study by CRISIL has highlighted that bank restructured assets are expected to hit a peak of INR 2 trillion by March 2013.

Combination of the factors stated above may limit RBI's headroom in further aggressive rate cuts, though monetary easing could continue through OMOs and any likely CRR cuts if liquidity worsens.

Current Portfolio Positioning*

Post the acute liquidity tightness witnessed in the month of March, markets have re-adjusted to improved liquidity conditions. As witnessed in early April, money market yields adjusted fastest and the most to improved liquidity even as there was no material change in macros. One year CD yields for instance have fallen by more than 100 bps from their March peak of 10.90%.

Banks have made token reductions to their deposit rates post the repo rate cut, and further reductions in our view would be driven by any follow up rate action by RBI and/or sluggishness in credit offtake.

The short end of the curve (money market) could benefit from any improvement in the macro as also short term factors such as liquidity. Issuance in CDs is expected to remain modest in the coming months owing to low credit demand in the first half, which is a positive.

Given that the 18-36 months segment is expected to remain supplied well with issuance and reacts relatively lesser to short term positives, the money market curve could respond to better liquidity or improvement any deposit rate declines by banks. Further the product will also benefit from roll-down.

DWS Treasury Fund – Investment Plan is positioned in the context of the evolving interest rate and macro-economic environment.

Current Portfolio Characteristics*

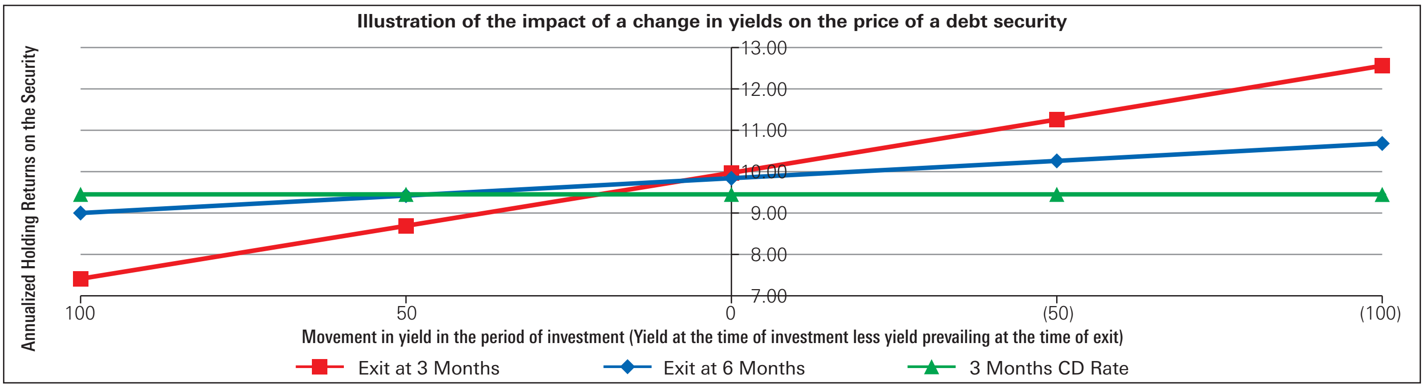
- 100% exposure to banks – hence a low credit risk product
- Portfolio is Invested in bank Certificate of Deposits of March 2013 maturity
- Average maturity of the portfolio is between 9-10 months
- Bank CDs of March maturity continue to trade at elevated yields offering a relatively 'portfolio carry' and good entry level
- Investment horizon is three months and higher.
- Indexation Benefits

Illustration of the impact of a change in yields on the price of a debt security

Assumptions:

Yield of the security at the time of investment	**9.80%**
Tenor of the Security at the time of investment	**11 Months**

Current CD (Certificate of Deposit) Rate Curve	
Tenor of the CD	**Interest Rate**
3 Months	9.45%
6 Months	9.75%
11 Months	9.80%



The above is just an illustration and should not be assumed as a promise, guarantee or forecast on minimum returns and safeguard of capital.

*** These are based on the fund manager's current outlook and are subject to change. For detailed asset allocation and investment strategy please refer to the Scheme Information Document.**

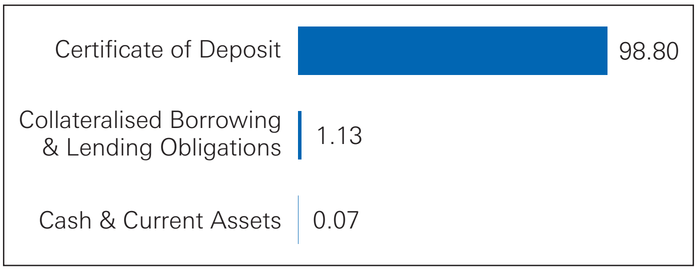
May 11, 2012

DWS INVESTMENTS
Deutsche Bank Group

Portfolio as on 30th April, 2012

	Issuer	% to Net Assets	Rating
	Certificate of Deposit	**98.80**	
✓	State Bank of Patiala	8.03	ICRA A1+
✓	IDBI Bank Ltd.	7.79	CRISIL A1+
✓	Corporation Bank	7.77	CRISIL A1+
✓	Canara Bank	7.77	CRISIL A1+
✓	UCO Bank	5.21	CRISIL A1+
✓	Punjab & Sindh Bank	5.21	ICRA A1+
✓	Punjab National Bank	5.19	CARE A1+
✓	Oriental Bank of Commerce	5.19	CRISIL A1+
✓	Indian Overseas Bank	5.18	ICRA A1+
✓	Bank of India	5.18	CRISIL A1+
	Vijaya Bank	5.18	CARE A1+
	United Bank of India	2.60	CARE A1+
	Andhra Bank	5.19	CARE A1+
	ICICI Bank Ltd.	2.59	CARE A1+
	AXIS Bank Ltd.	2.59	CRISIL A1+
	Indian Bank	2.59	FITCH A1+
	Central Bank of India	2.59	CARE A1+
	State Bank of Hyderabad	2.59	ICRA A1+
	Syndicate Bank	2.59	CARE A1+
	State Bank of Travancore	2.59	CRISIL A1+
	Allahabad Bank	2.59	ICRA A1+
	Bank of Maharashtra	2.59	CRISIL A1+
	Collateralised Borrowing & Lending Obligations	**1.13**	
	Cash & Current Assets	**0.07**	
	Total Net Asset	**100.00**	

Asset Allocation (%) as on 30th April, 2012



Credit Quality as on 30th April, 2012

Details as on 30th April, 2012

AUM : ₹ 177.32 Crores

Average Maturity : 0.87 year

Modified Duration : 0.79 yrs

Yield to Maturity : 9.82%

Key Scheme Features

Particulars	**DWS Treasury Fund – Investment Plan**
Type of Scheme	An Open-Ended Debt Plan
Investment Objective	To provide liquidity and generate stable returns by investing in a mix of short term debt and money market instruments.
Benchmark	CRISIL Liquid Fund Index
Options for Investment	Regular and Institutional
Sub - Options for Investment	**Regular Option:** Dividend (Daily Reinvestment only, Weekly, Monthly, Quarterly & Annual – Payout/ Reinvestment), Growth & Bonus. **Institutional Option:** Dividend (Daily Reinvestment only, Weekly, Monthly, Quarterly & Annual – Payout/Reinvestment) & Growth.
Asset Allocation	see table below
Minimum Investment Amount	**Regular Option:** ₹ 5000/- and in multiples of ₹ 1/- thereafter **Institutional Option:** ₹ 5 crores and in multiples of ₹ 1/- thereafter
Additional Investment Amount	**Regular Option:** ₹ 1000/- and in multiples of ₹ 1/- thereafter **Institutional Option:** ₹ 1 Lakh and in multiples of ₹ 1/- thereafter
Minimum Repurchase Amount	**Regular Option:** ₹ 1000/- and in multiples of ₹ 1/- thereafter **Institutional Option:** ₹ 1 Lakh and in multiples of ₹ 1/- thereafter
Investment through SIP/STP/SWP	Minimum amount of ₹ 12000/- divided into 12 installments of ₹ 1000/- each for 12 months or 6 installments of ₹ 2000/- each for 6 months or 4 installments of ₹ 3000/- each for 3 months. SIP's upto ₹ 50000/- per year per investor i.e. aggregate of installments in a rolling 12 months period or in a F.Y. (to be referred as "Micro SIP") shall be exempt from the requirement of PAN as a proof of identification.
Entry Load (including SIP/STP/SWP)	Nil
Exit Load (including SIP/STP/SWP)	0.5% if redeemed/switched out within 1 month of allotment.

Asset Allocation

Asset Class	**Indicative Allocations (% of Total Assets)**		**Risk Profile****
	Minimum	**Maximum**	
* Debt securities & Money Market instruments with duration not greater than 1 year	85%	100%	Low
* Debt securities with duration greater than 1 year	0%	15%	Low to Medium

* The Scheme may invest up to 30% of the net assets of the Scheme in securitized instruments. The Scheme may invest up to 50% of net assets in derivatives only for the purpose of hedging and portfolio balancing. The Scheme will not engage in scrip lending. The Scheme will not invest in foreign securities. The scheme may hold cash from time to time.

** Risk profile refers to the price risk of the respective asset class.

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